



# **APPLICATION GUIDELINES FOR ECONOMIC DEVELOPMENT PROJECTS**

COMMUNITY DEVELOPMENT BLOCK GRANT  
ECONOMIC DEVELOPMENT PROGRAM

BUSINESS RESOURCES DIVISION

**FEBRUARY 2009**

Montana State Library



3 0864 1005 8621 6

**STATE OF MONTANA  
DEPARTMENT OF COMMERCE**

**APPLICATION GUIDELINES FOR  
ECONOMIC DEVELOPMENT PROJECTS**

**COMMUNITY DEVELOPMENT BLOCK GRANT  
ECONOMIC DEVELOPMENT PROGRAM**

Anthony J. Preite, Director

Andy Poole, Deputy Director/Division Administrator  
Business Resources Division

Gary Morehouse, Assistant Division Administrator  
Business Resources Division

Karyl Tobel, Section Manager  
Commerce Loan Fund  
CDBG-ED Program

Carolyn Jones, CDBG-ED Program Specialist

Judy Carlson, CDBG-ED Program Assistant

**FEBRUARY 2009**





## TABLE OF CONTENTS

<b>INTRODUCTION .....</b>	<b>1</b>
<b>I. 2009 CDBG ECONOMIC DEVELOPMENT PROGRAM.....</b>	<b>3</b>
Funding Amounts.....	4
Application Deadlines .....	4
Purpose .....	4
A. ELIGIBLE ACTIVITIES .....	4
Loans to Businesses.....	5
Technical Assistance Grants .....	6
Business Infrastructure Projects .....	6
Customized Training for Employees .....	7
Section 108 Loan Guarantee Program .....	9
B. INELIGIBLE ACTIVITIES .....	9
C. ELIGIBLE APPLICANTS .....	10
County Applications .....	11
Municipal Applications .....	12
Joint Applications.....	12
D. MAXIMUM GRANT AMOUNT .....	13
<b>II. GENERAL APPLICATION REQUIREMENTS.....</b>	<b>14</b>
A. PRELIMINARY STEPS .....	14
B. FINAL APPLICATION PROCESS .....	16
C. DECISION AND FUNDING AWARD .....	21
D. AREAS TO BE ADDRESSED WITH NARRATIVE IN EACH APPLICATION.....	22
Community Development Needs Assessment.....	22
Citizen Participation .....	23
Benefit to Low and Moderate-Income Persons .....	25
State Community Development Objectives .....	28
Certifications for Application .....	28
Environmental Impact .....	29
Matching Funds .....	29
Need for CDBG-ED Assistance .....	30
Documenting Jobs .....	32
Management Plan.....	33
Program Income/Revolving Loan Fund .....	35
Property Management and Disposition .....	37
Acquisition .....	37
Federal Labor Standards .....	38
Project Budget .....	38
Resolution to Authorize Application .....	39
Resolution of Support from a Certified Regional Development Corporation ..	39
Maps.....	40
E. FUNDING CRITERIA .....	40

F. REALLOCATION OF UNCOMMITTED FUNDS .....	41
<b>III. BUSINESS APPLICATION REQUIREMENTS .....</b>	<b>42</b>
A. D-U-N-S NUMBERS AND NAICS CODES.....	42
B. BUSINESS PLAN.....	43
Business Description .....	43
Management Information.....	43
Market Analysis .....	43
Sources and Uses of All Funding.....	44
Financial Exhibits.....	44
Financial Statements .....	44
Projections.....	45
Debt Schedule .....	45
Working Capital Needs.....	45
Requirements for Business Owners with a 20% or Greater Ownership.....	45
Personal Credit Check Release.....	45
Private Sector Commitments .....	46
Public Sector Commitments.....	46
C. HIRING AND TRAINING PLAN.....	47
D. HIRING AND TRAINING PLAN FOR CUSTOMIZED TRAINING.....	48
E. GENERAL POLICIES ON LOAN REQUESTS .....	50
F. WORKERS' COMPENSATION INSURANCE COVERAGE.....	51
<b>APPENDICES .....</b>	<b>52</b>

## INTRODUCTION

Montana's Community Development Block Grant (CDBG) Program is a federally funded statewide competitive grant program designed to help communities with populations of less than 50,000 with their greatest community development needs. The program was established with the Federal Housing and Community Development Act of 1974. All projects assisted with CDBG funds must principally benefit low and moderate-income (LMI) persons. The basic categories for local community development projects are:

- Economic Development
- Housing
- Public Facilities

The Montana Department of Commerce (MDOC) administers the program in coordination with the U.S. Department of Housing and Urban Development (HUD). The Community Development Block Grant - Economic Development (CDBG-ED) Program is administered by the MDOC, Business Resources Division. The housing and public facilities categories are administered by the MDOC, Community Development Division. Potential applicants are encouraged to contact the MDOC to discuss their proposed project with CDBG-ED Staff or an MDOC Regional Development Officer (RDO). CDBG-ED staff can direct you to the RDO for your area. An RDO must be consulted during the preparation of an application.

Alternative accessible formats of this document will be provided upon request. If you need this document in an alternative format, such as large print, Braille, audiotope, or computer diskette, please contact:

**Community Development Block Grant Program  
Economic Development (CDBG-ED)  
Montana Department of Commerce  
Business Resources Division  
301 South Park Avenue  
PO Box 200505  
Helena, MT 59620  
Phone: (406) 841-2734  
TDD: (406) 841-2702  
Fax: (406) 841-2731**

**Website: [http://businessresources.mt.gov/BRD\\_CDBG.asp](http://businessresources.mt.gov/BRD_CDBG.asp)**

### **CDBG-ED Staff**

**Karyl Tobel  
Section Manager  
Commerce Loan Fund  
Email: [karylt@mt.gov](mailto:karylt@mt.gov)  
Phone: (406) 841-2733**

Carolyn Jones  
CDBG-ED Program Specialist  
Email: [cjones@mt.gov](mailto:cjones@mt.gov)  
Phone: (406) 841-2735

Judy Carlson  
CDBG-ED Program Assistant  
Email: [jucarlson@mt.gov](mailto:jucarlson@mt.gov)  
Phone: (406) 841-2734

**Regional Development Officers (RDO's)**

Charlie Wright  
NW Montana  
Email: [chwright@montana.com](mailto:chwright@montana.com)  
Phone: (406) 532-3222

Tod Kasten  
E Montana  
Email: [kranches@midrivers.com](mailto:kranches@midrivers.com)  
Phone: (406) 485-3374

Randy Hanson  
NC Montana  
Email: [rahanson@mt.gov](mailto:rahanson@mt.gov)  
Phone: (406) 262-9579

Terry Dimock  
SW Montana  
Email: [tdimock@mt.gov](mailto:tdimock@mt.gov)  
Phone: (406) 841-2737

**RDO website: [http://businessresources.mt.gov/BRD\\_RD.asp](http://businessresources.mt.gov/BRD_RD.asp)**

For copies of application guidelines for public facilities or housing, contact:

Gus Byrom, CDBG Program Manager  
Community Development Block Grant Program  
Public Facilities and Housing  
Montana Department of Commerce  
Community Development Division  
301 South Park Avenue  
PO Box 200523  
Helena, MT 59620  
Phone: (406) 841-2777



## I. 2009 CDBG ECONOMIC DEVELOPMENT PROGRAM

The Community Development Block Grant–Economic Development (CDBG-ED) Program receives about one-third of the approximately \$6.9 million in federally allocated funds given annually to the State of Montana from the US Department of Housing and Urban Development. Eligible applicants are local governments that lend these funds to for-profit businesses agreeing to create jobs for low and moderate-income persons. Applications are accepted on a continuous basis as long as funding is available for each program year. The **maximum funding amount is \$400,000 per local government in a program year.** Communities can reapply for funding throughout the program year until they have reached the maximum. Businesses must prepare a business plan and meet required thresholds, including providing a 1:1 dollar match. Project applications are reviewed by MDOC staff and a Grant Review Committee that make recommendations to the Director, who delivers a final funding decision.

**All local governments must show a coordinated effort with the Certified Regional Development Corporation (CRDC) in their area. A copy of a resolution passed by a CRDC's Board of Directors showing support for the proposed project and application must be included in each application for CDBG-ED assistance. If a local government is not able to provide this, it must include an explanation why one is not included.**

→ Potential applicants are encouraged to contact the MDOC to discuss their proposed project with CDBG-ED staff or an MDOC Regional Development Officer (RDO). CDBG-ED staff can direct you to the RDO for your area. An RDO must be consulted during the preparation of an application.

**EDA/CDBG RLF** - The State also administers a revolving loan fund (RLF) from the federal Economic Development Administration (EDA). Please contact CDBG-ED staff for availability of EDA/CDBG RLF funding and application requirements. MDOC staff will work with potential applicants for EDA/CDBG RLF funding and determine which sections of the CDBG-ED application guidelines are applicable to their proposals.

## Funding Amounts

The following table summarizes the estimated amount of state funding and proposed distribution of CDBG funds for 2009.

<b>Total FFY 2009 State CDBG Allocation</b>	<b>\$6,743,772</b>
Less CDBG Funds For State Program Administration	\$ 302,313
<u>Amount Available For Award to Local Governments</u>	<u>\$6,441,459</u>
2/3 Allocation for Housing and Public Facilities Projects	\$4,294,306
<b><i>1/3 Allocation for Economic Development Projects</i></b>	<b><i>\$2,147,153</i></b>

## Application Deadlines

Applications will be accepted on an open-cycle basis, after the Department receives HUD's notification of funding-usually in April, until all available funds set aside for the FY 2009 CDBG-ED category are committed to approved projects.

## Purpose

The CDBG-ED Program is designed to stimulate economic development activity by assisting the private sector to create or retain jobs for low and moderate-income persons primarily through loans to businesses. CDBG-ED funding is also available to companies for employee training.

The program is designed to assist businesses by making fixed-rate financing available to them at reasonable interest rates, given the risk of the project, and to provide public improvements in support of economic development activities. An appropriate interest rate would include competitive market rates or a risk-based interest rate.

It is the intention that CDBG-ED funds be used when a funding gap exists, and alternative sources of public and private financing are not adequate. CDBG-ED provides flexibility in interest rates and loan terms to complement conventional business financing and other federal business financing programs. CDBG-ED funding can provide payment deferments, lower payments in the first year, and interest-only payments. The program is also designed to complement the MDOC financing programs administered by the Business Resources Division and the Montana Board of Investments.

### **A. ELIGIBLE ACTIVITIES**

**NOTE: Communication with CDBG-ED staff and RDO's during the onset of project planning helps ensure a complete application for an eligible activity that meets program requirements. Please contact CDBG-ED staff and RDO's for guidance and clarification on program requirements.**

→ When reviewing applications and determining funding awards, the Department will place high priority for proposals with job creation, expansions, and training programs

## 1. Loans to Businesses

Typical eligible activities for assistance to businesses include: land acquisition; public facilities and other improvements in support of economic development, such as water and sewer lines, and access roads; and also loans for acquisition, construction, rehabilitation, or installation of commercial and industrial buildings, facilities, equipment, or working capital. (Grants to for-profit businesses are not eligible with the exception of customized employee training – see A.4. below)

The Montana CDBG-ED program has limited financial resources. Therefore, the program places highest priority on projects that will have the greatest potential for creating permanent and year-round employment opportunities for low and moderate-income Montanans and that provide other long-term economic benefits to Montana's communities.

In addition, an important consideration for local governments contemplating a CDBG-ED application is to examine whether they would be helping a business that would directly or indirectly compete with other local businesses. The decision to submit an application in this situation is principally a local one. The Department will consider local comments from public hearings; particularly concerns expressed by local business interests.

**The CDBG-ED funds cannot be used as a direct financial incentive to relocate a business from one Montana community to another.** The purpose of the CDBG-ED program is to create jobs, but not if assistance will result in other jobs being lost in a community or region. Under federal anti-pirating statutes, CDBG-ED funding cannot be used to assist directly in the relocation of any industrial or commercial plant, facility, or operation, from one area to another, if the relocation is likely to result in a significant loss of employment in the labor market area from which the relocation occurs. "Significant" is defined in the federal proposed "anti-pirating" rules.

The Department will consider situations on a case-by-case basis where businesses have made prior commitments to move their facility or operations to a specific new site three months prior to submittal of the CDBG-ED application. All relevant factors, such as written agreements, will be reviewed to determine if any extenuating circumstances exist to support the need for new operations at a different location.

### **Repayments from CDBG-ED Loans**

The Legislature instituted a Certified Regional Development Corporation (CRDC) Program in order to look at economic development from a regional perspective. Over the last two years, the Montana Department of Commerce has been strongly advising applicants to designate their respective CRDC as revolving loan fund manager. The CRDC should be responsible for management of repayments of CDBG-ED loans through the CRDC's



revolving loan fund. This way relending activities would be available to the entire region covered by the CRDC, would be available to all eligible businesses in the region, and would more likely be used in priority economic development projects. The Department continues to strongly encourage this partnership to manage CDBG-ED and other economic development revolving loan funds.

There may be circumstances where it is appropriate to allow a local government to manage its revolving loan fund, or contract with another entity for management. The Department will evaluate this on a case-by-case basis, and may provide an exception to CRDC revolving loan fund management, providing there is adequate and compelling rationale to grant an exception.

For more information on CRDC's, please view the following website:

**[http://businessresources.mt.gov/BRD\\_CRDC.asp](http://businessresources.mt.gov/BRD_CRDC.asp)**

## **2. Technical Assistance Grants**

The Department has set-aside approximately **\$210,000** for economic development planning, capacity building, and technical assistance grants. The Department intends to use the set-aside for activities similar to those funded in recent years, but will establish specific application policies by May 2009. The policies will specify funding priorities, application procedures, and amounts available at that time for each sub-category. Establishing policies in May will provide flexibility to address specific needs identified at the time federal funding becomes available for the CDBG-ED program. Funds not utilized for this category may be used for regular CDBG-ED projects.

## **3. Business Infrastructure Projects**

CDBG-ED funds may be used to build or improve infrastructure such as structures, water, sewer, streets or sidewalks in support of businesses. Applications that propose public improvements as assistance to businesses will be accepted by the Department and reviewed with similar procedures as for loans to for-profit businesses. The application must include a complete business plan and financial package for each business assisted. A "financing gap" must be identified and documented in the financial package submitted with the application. The application must demonstrate that other funds, including private funds from the business, are insufficient to complete the project without CDBG-ED participation. Business infrastructure applications must meet the same threshold requirements, demonstrate viability, include a hiring and training plan for each business assisted, and meet all other requirements contained in these guidelines.

**GRANT ASSISTANCE AGREEMENTS** - All CDBG-ED awards will require either a loan document, and/or a grant assistance agreement between the assisted business and local government. Infrastructure grants will require a grant assistance agreement with a security clause and payback provisions. Please see **Appendix U** for suggested format.

- **Infrastructure projects** - applications for infrastructure must have completed a preliminary engineering report (PER) to determine scope of project and estimate of



construction costs. See **Appendix V** for a PER outline to ensure engineering reports meet the minimum requirements.

- **Building construction** - applications for construction involving buildings must have completed a preliminary architectural report (PAR) to determine scope of project, suitability of location chosen, and estimate of construction costs. See **Appendix W** for a PAR outline to ensure architectural reports meet the minimum requirements.

→ **Contact the Department for information on applying for a CDBG-ED planning grant to help fund preliminary engineering or architectural reports and reporting requirements.**

All jobs created or retained by all businesses that locate or expand as a result of the public improvement must be aggregated and tracked for one (1) year from the physical completion of the public facility and/or improvement. When the CDBG-ED cost per FTE job is \$10,000 or more, all jobs created or retained as a result of the project's impact on businesses in the service area must be aggregated to meet the national objective of benefiting low and moderate-income persons.

At least 51% of non-administrative funds received by a local government must demonstrate benefit to qualified low and moderate-income persons. All jobs created from all businesses assisted must be counted toward the 51% benefit to low and moderate-income threshold. Before submitting the application, the local government must assess current and prospective businesses that will benefit from the project.

#### **4. Customized Training for Employees**

Employee training is an eligible, stand-alone project activity allowing up to a maximum of \$400,000 in grant funding per local government in a program year for new and expanding businesses that are creating additional jobs. The intent of this funding activity is to assist businesses in providing needed skills and better-paying jobs for their workers. The goal is to facilitate the growth of companies in Montana, increase wages for trained workers, increase employee productivity, and assist in the skill development of employees. Preference will be given to training that focuses on developing transferable skills in emerging industries such as information and advanced technology, health services, value-added agriculture and communications.

Funding may also be distributed to a qualified educational or nonprofit training entity that provides job training targeted to developing specific employee skills needed by an aggregate of companies.

Training Program Projects:

The Department will consider applications related to proposals for funding projects that involve job training projects focused principally for job training of LMI persons under the following circumstances:

- That there are exceptional reasons that warrant an application to the CDBG-ED program that include but are not limited to the educational institution being located in an economically disadvantaged area, area of significant outmigration, or a high impact project in a rural area;
- That there is a demonstrated need for CDBG-ED funds for the project and that the project will be self sustaining past the initial contract period;
- That related educational expenditures, predominantly benefitting low and moderate-income persons, will likely result in a full time, employed position in Montana immediately upon graduation during the initial project period, generally two years; and
- That there are signed agreements from participating Montana businesses agreeing to hire a predetermined number of students that have completed training during the project period, of which the students are principally LMI.

**Local governments are encouraged to apply for job training grants from the Worker's Training Grant Program (WTG) for new employee training needs unless there are circumstances that would warrant only an application for CDBG-ED funding.**

**CDBG- ED funds can be applied for to address training expenses for existing (incumbent) employees. For more information on the WTG or WIRED programs, contact Nancy Guccione at 841-2744 or by email at [nguccione@mt.gov](mailto:nguccione@mt.gov).**

Training grants will require a grant assistance agreement with security clause and payback provisions. Please see **Appendix U** for suggested format.

#### Conditions:

- Grant funding for employee training may be applied for in addition to a CDBG-ED loan for new and expanding businesses under one project, up to a maximum of **\$400,000** per business.
- The maximum grant amount to a for-profit business or non-profit organization for each employee trained is **\$5,000**.
- The maximum grant amount to a for-profit business or non-profit organization that hires and trains a disabled employee is **\$7,500**.
- At the end of the training period, employees must be paid a compensation package in salary and benefits that meets at least the lower of either the county's average hourly wage, or the State's average hourly wage. Average wage rates are determined by the Montana Department of Labor. Contact CDBG-ED staff for the most currently used wage

table.

- The maximum funding amount would still be **\$400,000** per local government applicant in a program year when combining a CDBG-ED loan with grant-funded employee training to one business.
- A **1:1 match** is still required even if the application is only for employee training.
- **Compensation for related training expenses will not be allowed until employees have completed their training and probationary periods and are being paid the minimum wage requirement.**

**Grant proposals must state clearly how training funds will be used, for incumbent or new worker training, or for company-wide types of education. If training funds will be needed before probationary periods are completed, applications must provide an explanation why training funds will be requested prior to employees completing their individual probationary periods. Under extenuating circumstances, the Department may allow for reimbursement of training expenses if employees receiving training are being compensated at the required minimum wage with benefits. A breakdown of the use of training funds must be included in the application. Local governments must document matching funds as per the budget attached to the contract between the MDOC and local government.**

The MDOC Grant Review Committee will evaluate each proposal on a case-by-case basis. The funding decision will be based on the level of benefit and impact to low and moderate-income individuals that includes: the type and quality of jobs created; the kind of training offered; opportunities for advancement, and job benefits. The applicant must submit to MDOC a detailed hiring and training plan following the requirements listed in Chapter III, Parts B. and C., Hiring and Training Plan and Hiring and Training Plans for Customized Training. Applicants must demonstrate a compelling case for funding to the Grant Review Committee by addressing the specific elements in their hiring and training plans.

## **5. Section 108 Loan Guarantee Program**

HUD Section 108 Loan Guarantees are available under exceptional circumstances. These loans will be available subject to the analysis and discretion of the MDOC Grant Review Committee.

***NOTE: The Department reserves the right to utilize uncommitted CDBG-ED funds for any eligible program activity as described in these guidelines.***

### **B. INELIGIBLE ACTIVITIES**

The following activities would not provide sufficient public benefit and would not be approved for assistance with CDBG-ED funds. Activities may not consist of or include any



of the following:

1. **Assisting a business to create or retain jobs that would cost more than \$25,000 in CDBG-ED funds per job.** The total amount of non-administrative CDBG-ED funds requested must not exceed \$25,000 for each job created or retained by the business or economic development loan; or no more than \$35,000 for each job created for a project that qualifies as area-wide benefit (applicants must contact CDBG-ED staff to determine whether or not their proposal meets the definition of an area-wide benefit project). This is determined by dividing the total number of permanent full-time or full-time equivalent jobs to be directly created or retained by the assisted business into the total amount of the non-administrative CDBG-ED funds requested.

The maximum amount of non-administrative CDBG-ED funds per job for a customized employee training grant is \$5,000;

2. **General promotion of the community as a whole;**
3. **Assistance to professional sports teams;**
4. **Assistance to privately owned recreational facilities that serve predominantly a higher-income clientele, where the recreational benefit to users or members clearly outweighs employment or other benefits to LMI persons;**
5. **Acquisition of land for which the specific proposed use has not yet been identified;**
6. **Assistance to businesses such as hotels, motels and retail operations will generally be considered an ineligible activity, except under mitigating circumstances, because of the lower quality of jobs and the high likelihood of competition with existing local businesses. Projects may be eligible where certain mitigating circumstances exist and support by other competing local businesses can be documented; i.e., a grocery store in a small town in a sparsely populated area where there is no other competition;**

→ **Contact the CDBG-ED program staff for questions regarding the eligibility of a proposed activity before submitting an application to the Department.**

### **C. ELIGIBLE APPLICANTS**

Eligible applicants are limited to general-purpose local governments: counties, incorporated cities and towns, and consolidated city-county governments. Among municipalities, Billings, Great Falls and Missoula ("entitlement communities"), are ineligible to apply to the State CDBG Program because they receive CDBG funds from a separate HUD allocation for communities with populations over 50,000.

- **Counties that contain an entitlement community may not apply for funding for**

**a county project that would primarily benefit residents within their entitlement communities. If a County desires to submit an application for an area close to an entitlement community, it must clearly explain how the proposed project would primarily benefit County residents, and also explain how the County will document that benefit.**

Montana's Indian tribal governments also receive CDBG funds from a separate HUD CDBG program (Indian CDBG) and are not eligible to apply to the State program.

Businesses and special purpose agencies such as local development organizations are not eligible to apply directly to the Department however, they may be involved in implementing and administering a program by sub-recipient agreement, if the eligible applicant agrees to such an arrangement. (See **Appendix L** for Sample Sub-Recipient Agreement, and also **Appendix K** for the MDOC's procurement of professional services policy.)

→ **Local governments or sub-recipients that are currently administering one or more CDBG-ED projects will not be eligible to reapply unless:**

- **The MDOC determines that current or previously funded CDBG-ED projects are being administered in an acceptable manner, and there are no outstanding findings from audit reports; and**
- **Current or previously funded CDBG-ED projects are consistent with project implementation schedules contained in corresponding CDBG-ED contracts with the Department.**

Consolidated city-county governments will be considered as two separate jurisdictions, one, the city jurisdiction and two, the unincorporated jurisdiction of the county. For application purposes, the city and county boundaries as delineated on the date of consolidation will define the jurisdiction of each.

## **1. County Applications**

For proposed projects that are located within the unincorporated jurisdiction of a county, the county governing body is the eligible applicant. A county may apply for a project that will include activities within the jurisdiction of an incorporated city or town if the proposed activity is intended to serve all county residents, including those in the unincorporated jurisdiction of the county. Federal requirements prevent the State CDBG Program from granting funds to Yellowstone, Cascade and Missoula Counties for projects located within Billings, Great Falls and Missoula city boundaries, or for projects in those counties that would primarily benefit residents of entitlement cities.

To improve cost-effectiveness for project administration, a county may apply for a grant for a project that would address the same economic development need in two or more separate unincorporated communities as long as the grant request is under the established

ceiling. If considering such a project, the county applying would want to be sure that the involved communities have an equally high level of need and that the proposed response is equally appropriate and would achieve comparable impact on the needs of each community.

## **2. Municipal Applications**

For proposed economic development projects that will serve residents within the jurisdiction of an incorporated city or town, the city or town governing body is the eligible applicant. A municipality may apply for a project that would include an activity to be located outside its city limits if the proposed activity will principally benefit residents within the city's jurisdiction.

A municipality may also apply for a project activity that is located outside the jurisdiction of the county in which that city or town is located if the proposed activity will benefit the residents of the city or town and further the applicant's community development objectives. Contact the CDBG-ED program staff for guidance before submitting an application.

## **3. Joint Applications**

In situations where two or more eligible local governments face a common community development problem, a joint application may be submitted under the following conditions:

- a. The problem to be addressed lies in an area of contiguous jurisdictions;
- b. The solution to the common problem clearly requires cooperative action and is the most efficient strategy; and
- c. The local governments involved have contacted the MDOC and received prior approval of such an arrangement before submission of an application. Requests for approval must be submitted at least 30 days prior to the submittal date for the application.

The eligible local governments involved must each meet the requirements for all applicants. One local government must be designated as the lead applicant and accept full responsibility for application submission, grant administration and financial management, should the full application be awarded funds.

In addition to the Resolution to Authorize Application signed by **each applicant**, multi-jurisdictional applications must contain a resolution (**Appendix H**) from each participating local government authorizing its participation. Once the application is approved, each participating local government must sign a final interlocal agreement (Appendix R), in accordance with the Montana Interlocal Cooperation Act (Sections 7-11-101 through 108, MCA), before a release of CDBG-ED funds can be granted. The agreement must identify the responsibilities and obligations of the cooperating local governments, including long-term operation and maintenance, if applicable. Contact CDBG-ED staff for assistance in preparing an inter-local agreement.



#### **D. MAXIMUM GRANT AMOUNT**

The ceiling for each business assistance economic development grant request is \$400,000. Although there is no minimum grant request, the Department does not encourage applications requesting less than \$100,000 in CDBG-ED funds, including administrative costs. Administrative costs for grantees and the state are generally not proportionate to the total grant amount requested and, therefore, can be excessive for projects of less than \$100,000. All administrative functions must be performed for all grants, regardless of size. Grants of less than \$100,000 may require that the applicant pay for most of the administration costs with local funds.

Applicants should consult the Department when considering administration costs. The level of difficulty in managing CDBG-ED projects varies considerably depending on the type of project and requirements triggered for each. **Administrative costs are limited to 8% of the total CDBG-ED grant award.**

For example, a total grant award of \$400,000 could request up to a maximum of \$32,000 (8%) in grant funds for project administration, and \$368,000 (92%) for activities (such as a business loan).

Another example, a total grant award of \$250,000 could request up to a maximum of \$20,000 (8%) in grant funds for administration, and \$230,000 (92%) for activities.

►**NOTE:** Local governments may apply more than once in a program year for economic development funds, and may be eligible to receive up to a maximum of \$400,000 in a program year for economic development projects. *A program year is the period of April 1 through March 31 the following year (for example, April 1, 2008 – March 31, 2009).*

In addition, all eligible applicants may also apply for public facility and housing projects in the spring and fall CDBG Public Facilities and Housing competitions, even if they have already received the \$400,000 limit for economic development projects. Please check with the CDBG Public Facilities and Housing program for its application requirements.

## II. GENERAL APPLICATION REQUIREMENTS

**NOTE:** Requirements for CDBG-ED applications are described in Chapters II (*General Application Requirements*), and III (*Business Application Requirements*). *This section is intended to be a checklist for all stages of application preparation, and may or may not include every item necessary to compile a complete funding application.*

### A. PRELIMINARY STEPS

<u>IN PROCESS</u>	<u>COMPLETED</u>	<u>N/A</u>	<u>ACTION</u>
			1. Business approaches the local government, local development organization, or some other entity, with a proposal.
			2. Local Government and/or local development organization and business consult with its Regional Development Officer (RDO) to see if the proposal is a good fit for the CDBG-ED program. Does the project meet CDBG-ED business thresholds? See <i>Introduction</i> for list of RDO's. See <i>Chapter I</i> for general requirements.
			3. Minimum 1:1 match. See <i>Chapter II, Matching Funds</i> .
			4. Cost per job created or retained: See <i>Chapters I and II</i> .
			a. No more than \$25,000 of activity funds per job created or retained for loans,
			b. No more than \$35,000 of activity funds per job created or retained in an area that has a population of at least 51% low and moderate-income persons,
			c. No more than \$5,000 per employee trained under Customized Training for Employees.
			d. No more than \$7,500 per disabled employee trained under Customized Training for Employees.
			5. Business can show minimum 51% benefit to LMI See <i>Chapter II, Benefit to Low and Moderate-Income Persons</i> .
			6. Business drafts a Hiring and Training Plan for RDO's review See <i>Chapter III, Hiring and Training Plan</i> .



<u>IN PROCESS</u>	<u>COMPLETED</u>	<u>N/A</u>	<u>ACTION</u>
			7. RDO and business owner make preliminary review of financials. <i>See Chapter III, Business Plan</i>
			8. The assisted business secures matching funds with commitments. <i>See Chapter III, Matching Funds.</i>
			9. RDO and business owner discuss expected timeline for business owner's need for money.
			10. If business does not have a D-U-N-S number, it registers for one. <i>See Chapter III, D-U-N-S Numbers.</i>
			11. Business reviews US Census Bureau's NAICS codes for proper business classification. <i>See Chapter III, NAICS Codes.</i>
			12. For infrastructure projects: a. Preliminary architecture or engineering report has been completed and costs are estimated. <i>See Chapter I, Business Infrastructure Projects, Appendix V and Appendix W.</i>
			b. If the local government desires to hire an architect or engineer, it has to demonstrate that services were procured in accordance with state law and MDOC procurement policy. <i>See Appendix K.</i>
			12. Local government and assisted business contact the area's Certified Regional Development Corporation (CRDC) and discuss intentions to apply for CDBG-ED funds. All applications must have either 1) a copy of a resolution passed by the CRDC's Board of Directors showing support for the CDBG-ED application, or 2) an explanation as to why the resolution is not submitted.

- If the proposal is determined to be a good fit for the CDBG-ED program, then the Local Government initiates the CDBG-ED application process.

## B. FINAL APPLICATION PROCESS

IN PROCESS	COMPLETED	N/A	ACTION
			<p>1. An RDO must be consulted during the preparation of the application. Applications will be reviewed and analyzed by staff on a "first come, first served" basis, as determined by the date the full application is found to be complete by the Department. CDBG-ED staff and RDO's will work closely with applicants during the review process to negotiate any changes and resolve issues identified during the review. Staff may consult with the contact persons from the business and the applicant community during initial review.</p> <p>The application is considered complete when all requirements have been met, the initial financial review indicates that the project has the potential to be financially feasible, and the project is properly structured. At that point the RDO will prepare a report for the MDOC Grant Review Committee to be submitted along with the application.</p>
			<p>2. Local Government conducts a needs assessment in accordance with CDBG-ED guidelines, or provides detailed information on a recently completed assessment that addresses housing, infrastructure, and economic development. Contact CDBG-ED staff for a copy of <i>"The Community Needs Assessment Process."</i> See <i>Chapter II, Citizen Participation, and Appendix I.</i></p>
			<p>3. Local Government holds <u>first</u> public hearing – may occur before business comes forward: See <i>Chapter II, Citizen Participation and Appendix I.</i></p> <p>a. Held not more than <u>12 months before</u> submitting application.</p>
			<p>b. Provides general description of CDBG and other funding programs – purpose, uses, funds available, application deadlines, status of commitment, etc.</p>
			<p>c. Elicits public comment on community's needs assessment.</p>
			<p>d. Solicits for businesses that may be interested in applying for a CDBG-ED loan.</p>
			<p>4. Local Government holds <u>second</u> public hearing: See <i>Chapter II, Citizen Participation, and Appendix I.</i></p> <p>a. Held not more than <u>2 months before</u> the date of the application.</p>
			<p>b. Gives citizens and potential beneficiaries adequate opportunity to review and comment on the proposed application before it is submitted.</p>

<u>IN PROCESS</u>	<u>COMPLETED</u>	<u>N/A</u>	<u>ACTION</u>
			5. The assisted business finalizes matching funds and commitments.
			6. The assisted business secures buy/sell agreement, if applicable. <i>See Chapter II, Acquisition.</i>
			7. The assisted business conducts income surveys and racial category forms for retained positions. <i>See Chapter II, Benefit to Low and Moderate-Income Persons, and Appendix S.</i>
			8. Each local government's CDBG-ED application needs to review and/or complete the following, required appendices; and document that required application areas as described in Chapters II and III are addressed. Having these appendices appear in the order in which they are listed will expedite the review process:  a. <b>Appendix A</b> – Complete the <i>Montana Department of Commerce Economic Development Project Application Form</i>
			b. <b>Appendix B</b> – Complete the <i>Local Government Local Development Organization and Business Application Certification</i> form
			c. <b>Appendix C</b> – Review and sign the Acceptance of CDBG Program Requirements ( <i>Certifications for Application</i> )
			d. <b>Appendix D</b> – Identify <u>and provide a description</u> on how the proposal addresses at least one of the <i>State Objectives for the Montana Department of Commerce, Community Development Block Grant Program</i>
			e. <b>Appendix E</b> – Complete the <i>Full Environmental Checklist for CDBG-ED Applications</i> , AND provide sources used for information. (Also complete <b>Appendix E-A</b> , if applicable)
			f. <b>Appendix F</b> – Review the <i>Low and Moderate-Income Percentages for Cities, Towns, and Counties (2000 Census)</i> – for area-wide projects. Contact program staff for eligibility.
			g. <b>Appendix G</b> – Review the <i>CDBG Technical Assistance Publications</i> , and contact the MDOC for copies of any publications needed.
			h. <b>Appendix H</b> – Pass a <i>Resolution to Authorize Application</i> . One for each local government making the application.
			i. <b>Appendix I</b> – Review <i>Public Hearing Procedure Example and Sample Formats for Public Hearings</i> .

<u>IN PROCESS</u>	<u>COMPLETED</u>	<u>N/A</u>	<u>ACTION</u>
			j. <b>Appendix J</b> – Review <i>Revolving Loan Fund Plan Sample</i> , and draft a plan for submittal.
			k. <b>Appendix K</b> – Review the Department's <i>Procurement Policy</i> .
			l. <b>Appendix L</b> - Draft <i>Sub-Recipient Agreement</i> (or equivalent) if utilizing a local development organization.
			m. <b>Appendix M</b> – Draft a <i>Management Plan</i> .
			n. <b>Appendix N</b> – Complete a <i>Sources/Uses Form and Pro-Forma Balance Sheet</i> (or equivalent) – AND provide narrative on each funding source: status of commitment, availability, etc.
			o. <b>Appendix O</b> – Draft a <i>Hiring and Training Plan</i> – (or equivalent).
			p. <b>Appendix P</b> – Complete a <i>Project Implementation Schedule</i> .
			q. <b>Appendix Q</b> – Complete a <i>Confidentiality and Non-Disclosure Agreement and Affidavit</i> .
			r. <b>Appendix R</b> – Draft an <i>Inter-local Agreement</i> , (if a multi-jurisdictional project).
			s. <b>Appendix S</b> – Complete <i>Income Certification Forms and Racial/Ethnicity Categories Forms</i> for job retention projects.
			t. <b>Appendix T</b> – Submit <i>Business Plan</i> . Contents need to include the following: See <i>Chapter III, Business Plan</i> .
			i. Business Description
			ii. Management Information
			iii. Market Analysis
			iv. Financial Statements
			v. Projections
			vi. Debt Schedule
			vii. Working Capital Needs
			viii. Personal Financial Statements/Tax Returns
			ix. Personal Credit Check Release
			x. Private Sector Commitments



<u>IN PROCESS</u>	<u>COMPLETED</u>	<u>N/A</u>	<u>ACTION</u>
			xi. Public Sector Commitments
			u. <b>Appendix U</b> – <i>Submit Draft Grant Assistance Agreement</i> , for customized employee training agreements, infrastructure grants, and grants to non-profit organizations.
			v. <b>Appendix V</b> – Submit preliminary engineering report (PER) for infrastructure projects.
			w. <b>Appendix W</b> – Submit preliminary architectural report (PAR) for building construction or renovation projects.
			x. <b>Provide narrative and supporting documentation (such as a copy of the needs assessment process)</b> describing the community's needs assessment process. <i>See Chapter II, Community Development Needs Assessment.</i>
			y. <b>Provide narrative and supporting documentation (public announcements, minutes, and attendance sheets)</b> describing the public hearing process and results. <i>See Chapter II, Citizen Participation.</i>
			z. <b>Provide narrative</b> describing how the proposal will show benefit to at least 51% low and moderate-income persons. <i>See Chapter II, Benefit to Low and Moderate-Income Persons.</i>
			a1. <b>Provide narrative</b> describing how the proposal addresses the state's community development objectives. <i>See Chapter II, State Community Development Objectives</i>
			9. <b>Provide copy of resolution passed by CRDC</b> in support of application, or explanation why one is not included.
			10. <b>Maps</b> - Local government provides copies of maps showing location of assisted business/project area, and copy of FEMA map designating area of floodplain. <i>See Chapter II, Maps.</i>
			11. <b>Worker's Compensation Insurance Coverage</b> – Provide proof of current worker's compensation insurance coverage for the local government, assisted business, local development organization, and contracted consultants.
			12. <b><u>Questions to ask before submittal of application:</u></b>
			a. Are project costs reasonable?
			b. Are all sources of project financing committed?
			c. Is the project financially feasible?
			d. To the extent practicable, the return on the owner's equity investment will not be unreasonably high?

<u>IN PROCESS</u>	<u>COMPLETED</u>	<u>N/A</u>	<u>ACTION</u>
			e. Are the matching funding sources committed, and are there letters of commitment from each source?
			f. Has the application demonstrated a need for CDBG-ED assistance?
			g. Have all other sources for funding been explored and rejected (documented)?
			h. For health care facilities, has the Montana Facility Finance Authority (Montana Board of Investments) been contacted?
			i. Is there sufficient equity and collateral to meet the lending requirements of private lending institutions?
			j. Can the assisted business contribute sufficient equity to the project to meet the debt/net worth requirements of traditional lenders?
			k. Has the applicant considered the quality of the jobs and the wages they pay?
			l. Is the management experienced in the type of business activities it proposes, and has it demonstrated a capacity to successfully manage it?
			m. Are the projected earnings realistic and attainable? Are they supported by historical trends and industry norms? Do the projections indicate that cash flow will be sufficient to support the proposed increased debt?
			n. Are CDBG-ED funds adequately secured with all reasonably available assets and/or personal guarantees?
			o. If the proposal involves the purchase of a business, has an appraisal been completed, and is there a buy/sell agreement in place?
			p. Does the application support a sound, well-reasoned proposal with a strong indication that the business will enjoy success if CDBG-ED funds are received?
			q. Will the project be ready to proceed upon notification of tentative award of CDBG-ED funds and be ready to begin immediately?
			r. Does the application demonstrate that the project will support itself over time and not impose a burden on the local government or non-profit entity participating in the project?

<u>IN PROCESS</u>	<u>COMPLETED</u>	<u>N/A</u>	<u>ACTION</u>
			<p>13. <u>Three (3) copies of each application is required for submission:</u></p> <p>a. <u>Two copies (one original and one copy) of the application must be submitted</u> to the Business Resources Division of the Montana Department of Commerce (see address on cover page) using the form in <i>Appendix A</i>, and <u>all</u> other appropriate documentation to fully respond to these application guidelines.</p> <p>b. <u>One additional copy</u> must be sent to the Regional Development Officer responsible for the area that is submitting an application.</p>

### **C. DECISION AND FUNDING AWARD**

Applications that are received and accepted as complete, and have received staff analyses and recommendations, will be submitted to the MDOC Grant Review Committee at the earliest available time after the financial analysis is finished. Applications will be reviewed by the MDOC Grant Review Committee in the order in which they are submitted as complete applications to the Department. However, when more than one application is submitted to the Department in the same loan review cycle, they will be considered submitted simultaneously and will be reviewed and/or funded in the order of the dates on which the applications were determined to be complete.

The Committee will make a recommendation to the Director, who will make the final decision on project awards. If the application is approved, a letter of tentative award will be sent to the applicant stating the funding amount, interest rate and term, and any conditions that apply. If the application is not approved, a letter will be sent to the applicant stating the reasons for the decision. The date of the funding decision by the MDOC Grant Review Committee will be the date entered on the CDBG-ED contract as the date of funding award. Projects must be completed within two (2) years from date of award in accordance with the project implementation schedule (Appendix P). If the Director revises the recommendation by the MDOC Grant Review Committee, the Director will prepare a written finding, consistent with the criteria established in these application guidelines, describing the rationale upon which the alternative decision was made.

➤ Applicants should also be aware that in most cases, it may take two (2) months or more before any funds will actually be disbursed to the business after the decision to award a grant has been made. This delay occurs because several activities must take place before funds can be released (start-up conditions). For example, the contract between the grantee and Department must be prepared, the grantee must conduct a review of environmental factors, and all the details for assuring proper management of the project and expenditure of federal funds must be finalized. Each award recipient will be given a list of start-up activities that need to be completed in order to receive a release of CDBG-ED funding.



➤ It is absolutely essential that the applicant and the assisted business not incur costs or obligate funds, which are intended to be reimbursed with CDBG-ED funds prior to the date that all contract start-up conditions, including signing the loan agreement, are satisfied by the grantee and approved in writing by the MDOC. Administration costs may be incurred as of the date of the tentative funding award.

It should be clear that expenses incurred by the grant recipient or the assisted business, are incurred at their own risk. Until a formal release of funds is awarded by the MDOC, no activity costs will be considered reimbursable until the MDOC has given the grant recipient this release, and costs are within the period of time designated by the MDOC for eligible activities.

→ Preference for funding will be given to applications submitted from CRDC areas that include a resolution from the CRDC's Board of Directors showing support for the CDBG-ED application.

#### **D. AREAS TO BE ADDRESSED WITH NARRATIVE IN EACH APPLICATION**

##### **1. Community Development Needs Assessment**

The Housing and Community Development Act requires that each CDBG-ED recipient "identify its community development and housing needs, including the needs of low and moderate-income persons, and the activities to be undertaken to meet such needs."

Each applicant must include a brief description of its needs that, at a minimum, summarizes:

a. The process used to identify community development needs and establish priorities and objectives, including efforts to encourage meaningful participation of local citizens, particularly those of low and moderate-income.

b. The applicant's short-term and long-term community development needs in:

- economic development,
- housing and neighborhood revitalization, and
- public facilities,

including the needs of low and moderate-income persons, and its priorities for responding to the needs.

c. The planned activities to be undertaken to meet the identified needs.

d. The alternative projects considered for CDBG-ED funding and the rationale for selecting the proposed project(s).



The needs assessment process does not have to be conducted annually for applicants reapplying for CDBG-ED funds if a previously prepared needs assessment still accurately reflects existing conditions and community development objectives and meets the requirements set out above. If an existing needs assessment will be used as the basis for reapplication, the applicant should solicit public comments on the previously identified community needs and priorities at one or more of the two public hearings required.

For further information on alternative methods of preparing needs assessments, applicants can request a copy of the Department's publication, *The Community Needs Assessment Process*.

## **2. Citizen Participation**

The Housing and Community Development Act requires the MDOC to adopt "a detailed Citizen Participation Plan." In order to receive CDBG-ED funds, both the Department and applicants for grants must certify that they are carrying out citizen participation in a manner that complies with this plan.

Applicants must provide citizens, especially LMI residents, adequate notice and opportunity for meaningful involvement in the planning and development of CDBG-ED applications.

**At a minimum, the applicant must hold two public hearings prior to passage of a resolution by the governing body authorizing the submission of the full application.** The public hearings may be conducted either as part of a regularly scheduled meeting of the governing body or as a hearing convened especially for CDBG-ED purposes.

For each public hearing the applicant must submit a copy of the public hearing notice, affidavit of publication, minutes from the hearing, and attendance list. (See **Appendix I** for public hearing procedure example, and sample formats for announcements for public hearings.)

### **First Public Hearing**

The purpose of the first public hearing is two fold:

- To inform citizens about the CDBG-ED program, the amount of funds available, how the funds may be used, the range of activities eligible for funding and other general program requirements, and
- To solicit public comment, particularly from low and moderate-income people, on the community needs assessment results, which include, community needs and priorities for economic development, housing and public facilities, including the needs of low and moderate-income persons. In considering the needs of LMI persons, the governing body is encouraged to consider the needs of households that may have special needs, such as those with lower incomes, female heads of households, minorities, elderly or persons with disabilities.

**The first public hearing should not be held more than twelve months prior to the date of the submittal of the application.**

For economic development projects, the local government should solicit publicly for prospective businesses that may be interested in applying for a CDBG-ED loan from the State through the local government. The local government should then select the most reasonable and viable proposal(s) for consideration for an application to the Department.

### **Second Public Hearing**

The purpose of the second public hearing is to:

- Give citizens and potential beneficiaries of the proposed project adequate opportunity to review and comment on the community's CDBG-ED application, before it is submitted. The issues that should be considered include the proposed project location, activities, budget (including the estimated amount and sources of funds proposed to be used for activities that will benefit low and moderate-income families), any costs to be imposed on residents as a result of the project (particularly those of low and moderate-income), and, if appropriate, the plans of the grantee for avoiding any displacement of persons as a result of activities assisted with CDBG-ED funds.

**The second public hearing should not be held more than two months prior to the date of application.**

A record of the required hearings must be submitted with the full application for CDBG-ED funds, along with copies of the public notices for the hearings or affidavits of publication for the notices. A verbatim record is not necessary; the names of persons who attended and a summary of comments by local officials and citizens are sufficient.

**► Local governments may not hold both public hearings on the same day. The individual public hearings serve different purposes. Holding the hearings at the same time would not give the public adequate time to participate in discussions, or offer responses to topics proposed. If a local government submits an application demonstrating that both public hearings were held on the same day, or held less than two weeks (fourteen days) apart, the Department may require that they hold an additional public hearing.**

Frequently, an important consideration for local governments considering a CDBG-ED application for economic development is whether they would be assisting a business that would directly or indirectly compete or be in competition with other local businesses. Projects demonstrating strong local opposition from other businesses should not be considered for CDBG-ED funding.

Formal public notice must be provided before public hearings are held. Notice of each public hearing should be published at least once in a newspaper of general circulation in the community at least seven days prior to the hearing. When possible, notice should also

be directed to persons of low and moderate-income, those persons who will benefit from or be affected by CDBG-ED activities and/or representatives of low and moderate-income persons. Hearings must be held at times and locations convenient to potential and actual beneficiaries and with accommodation for individuals with disabilities. For public hearings where a significant number of non-English speaking residents can be reasonably expected to participate, arrangements must be made to have an interpreter present.

Notice of each public hearing should be published according to state law for local governments. In addition to the published notices, the applicant should make reasonable efforts to inform citizens of the hearings who may be affected by a CDBG-ED project but who might not be reached through formal newspaper notices. Examples of actions applicants may take to ensure citizen participation include meeting with community groups and leaders before public hearings, holding informational meetings, distributing notices of public meetings to residents, or posting of notices in ways customary to the community. These efforts should be especially concentrated in any neighborhood that a proposed CDBG-ED project may affect. The hearing should be scheduled at times and locations that will encourage broad citizen participation. (Communities without a newspaper may substitute alternatives for notifying the public such as radio announcements, mailed notices, and posters.)

### **3. Benefit to Low and Moderate-Income Persons**

To be eligible for CDBG-ED assistance, the applicant must demonstrate that a minimum of 51% of the jobs to be directly created or retained by an economic development project are held by or will be filled by qualified low and moderate-income (LMI) persons or will be filled by LMI persons after special training planned as part of the project. To claim job retention, the applicant must provide documentation that, in the absence of CDBG-ED assistance, the jobs would be lost.

All CDBG-ED projects are required to meet the Congressional National Objective of benefiting LMI families. LMI families are defined as those families whose income does not exceed 80% of the county median income for the previous year or 80% of the median income of the entire non-metropolitan area of the State of Montana, whichever is higher.

**Appendix F** contains the current LMI tables for cities, towns and counties; or you can check the program's website for the most current income limits at: [http://businessresources.mt.gov/BRD\\_CDBG.asp](http://businessresources.mt.gov/BRD_CDBG.asp).

For economic development activities to meet this National Objective the applicant must demonstrate a benefit to LMI in one or more of the areas listed below. The activity must:

- Be carried out in a neighborhood or community where 51% or greater number of LMI persons reside and work (contact your CDBG-ED program liaison for activity eligibility);
  - Employ people - a majority of who qualify as LMI persons;
  - Make training available to LMI persons to help them qualify for higher skilled employment;
- or



- Engage in advertising and recruitment efforts targeted to LMI persons.

To document the benefit to LMI persons, the grantee must determine the best method by which to substantiate LMI benefit, and how to provide appropriate documentation. Possible methods include:

- Identifying the specific neighborhood or community boundary and conducting an income survey of the project's proposed beneficiaries;
- Obtaining income certifications from individuals hired;
- Documenting the type of training to be provided;
- Documenting efforts to advertise for and recruit LMI persons.

### **Verification per LMI Job Created or Retained**

**For job retention projects:** Use the income certification forms (**Appendix S**) to survey all existing employees and to verify the number of positions currently held by LMI persons for an existing business. Include the completed surveys in the CDBG-ED application. If a business is only proposing to retain existing employees and not create new positions, then at a minimum, 51% of existing employees must be qualified LMI.

**For job creation projects:** Project the full-time equivalent (FTE) LMI jobs to be created based on the company's hiring plan. For purposes of documentation, "full time equivalent" means 40 hours per week. Fifty-one percent (51%) of the positions to be created or retained must be filled by or made available to LMI persons. Income surveys will be given to each new hire during the course of the project.

Aside from using the HUD income tables, a person may be presumed to be LMI under certain conditions. Contact a CDBG-ED staff person for this information.

**The income survey form has been modified to reflect new HUD requirements.** Applicants are now required to specify the income level for retained or new employees. Income levels are defined as "extremely low", "low", "moderate-income", or "not low or moderate-income". The annual HUD income limits chart reflects this change. Be sure to contact CDBG-ED staff for the most current income limits chart before income surveys are given.

**Racial/Ethnicity Surveys:** **Appendix S** also contains suggested format for a racial/ethnicity category form that must be used to collect racial/ethnicity information from all employees. The MDOC is required to report this information to HUD on all assisted projects.

## **Area-wide Benefit (City or County-wide Benefit)**

Applicants must contact the Department for a determination whether a project qualifies as an area-wide benefit activity. The majority of the CDBG-ED projects would not qualify as area-wide benefit. Please contact program staff for HUD's specific criteria for area-wide benefit projects.

## **Limited Clientele**

Benefits could be provided exclusively to a clearly specific clientele. If a population is targeted to be the beneficiary of a project, the project scope must demonstrate that the benefits to be provided to that population are **not** available to all residents, and that the targeted population meets one of the criteria listed below.

a. Benefit is specifically targeted to a group presumed to be 51% or more LMI, *unless there is evidence to the contrary*. The "limited clientele" definition can be applied only to those presumed LMI groups listed under HUD regulations, which includes:

- Abused Children
- Homeless Persons
- Battered Spouses
- Illiterate Adults
- Elderly Persons
- Migrant Farm Workers
- Adults meeting the Bureau of Census' definition of severely disabled adults
- Persons living with the disease AIDS

b. Information on family size and income shows that at least 51% of the clientele is LMI (e.g., programs where LMI income certification is routinely requested to allow participation in the program);

c. Benefits are limited to LMI (e.g., nursing homes whose occupancy is limited to LMI);

d. Nature of activity and location supports conclusion that clientele is 51% or more LMI (e.g., a day care operated in an inner city neighborhood);

e. Removal of architectural barriers to improve mobility of elderly and handicapped.

The proposed project must be designed specifically to benefit LMI persons included in the groups identified above.

## **Micro-business Enterprises**

Projects that meet HUD's definition of a micro-business enterprise are automatically assumed to provide a 51% benefit to LMI persons. Micro-business enterprises do not have

to meet the cost per LMI job requirement. A micro-business as defined by HUD is a commercial enterprise that has five or fewer employees, one or more of whom owns the enterprise. A micro-business enterprise under HUD's definition automatically meets the 51% LMI national objective if the income status of the assisted micro-business' owner is of low to moderate-income. That person is presumed to continue to qualify as LMI for up to a 3-year period after the CDBG-ED assistance is provided. This allows business owners to continue receiving CDBG-ED assistance even when they no longer qualify as an LMI household.

NOTE: The Department has a reference guide entitled "*Documenting Benefit to Low and Moderate-Income Persons*" that is available upon request. Contact a CDBG-ED staff person for the latest copy of this publication.

#### **4. State Community Development Objectives**

HUD regulations (24 CFR Part 91) require the State to identify its community development objectives, which must be developed in accordance with the statutory objectives. According to HUD, "the primary objective of the CDBG program is to develop viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for low-income and moderate-income persons." The State's objectives for Montana's CDBG-ED program are described in **Appendix D**. The applicant must provide a written discussion of how one or more of the objectives will be met by the project.

#### **5. Certifications for Application**

Each local government applying for CDBG-ED funds and the business to be assisted with CDBG-ED funds, must agree to comply with the federal and State requirements set out in **Appendix C** (the *Certifications for Application, Acceptance of CDBG Program Requirements*) in implementing their proposed CDBG-ED project. Businesses should be made aware of the regulations that will apply to them at the beginning of negotiations. A copy of the *Certifications for Application*, signed by the chief elected official or executive officer of the applicant and dated within six months of the date of application, must accompany the full application for CDBG-ED funds. Local governments and businesses should carefully review these requirements and consider their potential impact when designing their CDBG-ED project.

The federal requirements address issues such as financial management, labor practices, environmental impacts, civil rights, fair housing, and acquisition of real property and relocation of homeowners. Other State laws and regulations will also apply to the agreement between the local government, the Department, and any business or agency that will receive CDBG-ED assistance through a loan or grant.

The Montana CDBG Grant Administration Manual provides additional guidance on the applicability of federal regulations to applicants and to the business to be assisted with CDBG-ED funds. Copies are available upon request from the MDOC, Business Resources Division or found on the CDBG program website at:



[http://businessresources.mt.gov/BRD\\_CDBG\\_Admin.asp](http://businessresources.mt.gov/BRD_CDBG_Admin.asp). Laws can affect the costs and complexity of the project and the schedule for completion.

## 6. **Environmental Impact**

All CDBG-ED projects are subject to the National Environmental Policy Act and the Montana Environmental Policy Act. Both laws seek to avoid adverse impacts on the environment by mandating careful consideration of the potential impacts on any development assisted with federal funds or approved by a state agency. In addition, CDBG-ED projects are subject to many other state and federal environmental laws. Applicants are encouraged to be sensitive to potential environmental impacts while their CDBG-ED projects are first being considered and planned to avoid problems that could delay or even prevent a project from being implemented.

The Full Environmental Checklist, included in **Appendix E**, must be submitted with the application. Applicants must complete the checklist **and provide sources of information** used for each section. Contact the Business Resources Division for guidance regarding the level of environmental review necessary, the procedures required, and the potential time constraints associated with the process. **For infrastructure and construction projects, the Full Environmental Checklist and site-specific environmental checklist(s) must be completed by a licensed professional engineer.**

**Appendix E** also contains a site-specific environmental checklist that is to be completed, at the time of application, in addition to the full environmental checklist, when a proposal includes the renovation of an existing building(s) or a multi-phased project. The site-specific checklist must be completed for each structure (i.e. houses, commercial, etc.) for renovation projects. On large area projects with multiple phases, the site-specific checklist can be completed throughout the process however the full environmental checklist must be completed and submitted with the application. Contact CDBG-ED program staff for requirements.

## 7. **Matching Funds**

In preparing its project budget, the local government is required to identify the sources and uses of funds and the amounts to be contributed by each financial source. To be eligible for consideration, an applicant must assure the participation of:

- At least one non-CDBG-ED dollar for each dollar of non-administrative CDBG-ED funds requested (a 1:1 leverage ratio).

The non-CDBG-ED funds may come from a variety of sources, such as new investments, bank loans, loans to be repaid to a state or federal loan program, or grants. Applicants should ensure that documentation committing the non-CDBG-ED dollars states that the commitment is contingent on the receipt of CDBG-ED funds.

**100% of the required matching funds must be met by new cash in the form of new cash equity, new loans, or new grants (not match expended prior to application).**

Matching funds should be committed at the time of application and approval. The Department reserves the right to reduce the match requirement in exceptional circumstances, such as high impact projects in areas demonstrating significant levels of need.

Projects that are primarily for job retention and meet the 51% benefit test may include refinancing as match at the discretion of the Department when the source of refinance for match is not used only for lowering the lender's risk.

➤ It is absolutely essential that the applicant and the business not incur costs or obligate funds, which are intended to be reimbursed with CDBG-ED funds, prior to the date that all contract start-up conditions, including signing the loan agreement, are satisfied by the grantee and approved in writing by the Montana Department of Commerce. Administration costs may be incurred as of the date of the funding decision.

It should be clear that expenses incurred by the grant recipient or the assisted business, are incurred at their own risk. Until a formal release of funds is awarded by the MDOC, no activity costs will be considered reimbursable until the MDOC has given the grant recipient this release, and costs are within the period of time designated by the MDOC for eligible activities.

The following will not be considered as match:

- a. Existing assets;
- b. In-kind services;
- c. Other costs incurred prior to the application date;
- d. Proposed matching funds expended prior to date of application;
- e. The refinancing of existing debt;
- f. Projected operating cash flow;
- g. Existing equity;
- h. Existing bank line of credit amounts (Note: Increases in lines of credit contingent upon the receipt of CDBG-ED funds may be accepted.)

#### **8. Need for CDBG-ED Assistance**

The U.S. Department of Housing and Urban Development (HUD) requires the MDOC to consider whether CDBG-ED assistance to any nonprofit or for-profit business is the most effective use of CDBG-ED funds, including the extent of the need for assistance and the amount of assistance to be provided in relation to the public benefit that would result [24



CFR, 579.482(2)]. Applicants must show that all reasonable resources have been considered and are available or sufficient to complete the project financing. Applicants must provide a narrative explaining what funding sources have been applied for and the status of those funds.

**a. Evaluate All Project Costs**

The applicant must verify all project costs and document how they were determined and by whom (land appraisal, engineer or architect prepared estimates, equipment lists and cost schedules, etc.). The applicant must determine the reasonableness and completeness of the cost estimates (such as the inclusion of Davis-Bacon prevailing wage rates, if applicable).

**b. Verify and Maximize Private and Public Funding Sources**

It is the responsibility of the applicant to verify that all other reasonably available sources of private financing have been maximized for the project proposed. Other private sources such as banks, venture capital companies, or additional private equity should be sought and verified before finalizing the project budget and applying for CDBG-ED funds.

Verification should consist of the following:

- The source of funds is committed;
- The terms and conditions of the committed funds are known;
- The source has the capacity to deliver; and
- All private sources are maximized for the given project. (No CDBG-ED funds should substitute for available private funds.)

**c. Make a Determination of Need for CDBG-ED Assistance**

The applicant must include the pro-forma balance sheet worksheet contained in **Appendix N** or other equivalent financial statements and cash flow analysis.

The applicant must demonstrate that the business to be assisted needs CDBG-ED funding. There are several methods of determining the need for CDBG-ED assistance:

- i. Are the annual earnings of the proposed project sufficient without CDBG-ED assistance to meet the annual debt service requirement of a loan at market rate?
- ii. Is there sufficient equity and collateral to meet the lending requirements of private lending institutions? Can the assisted business contribute sufficient equity to the project to meet the debt/net worth requirements of traditional lenders? Does the business have sufficient collateral available to qualify for other financing?

The application should include letters from the private lending institutions contacted by the business for loans. The letters should document one or more of the following situations:

- The lender will not make any loan to the business;
- The lender can only lend a portion of the total project cost; or
- The lender will only participate if CDBG-ED funds are involved in the project and states that its participation is contingent on CDBG-ED funds.

The Montana Facility Finance Authority should be contacted for potential funding of health care facilities before pursuing CDBG-ED funding (406) 444-0259. For health care facility projects - the applicant should provide documentation that it has contacted the Montana Facility Finance Authority.

#### **d. Determining the CDBG-ED Funding Amount**

The applicant should determine the minimum amount of CDBG-ED financial assistance necessary to stimulate private investment.

### **9. Documenting Jobs**

For projects proposing business loans, or infrastructure grants, all jobs must be converted into full-time equivalent positions. A full-time equivalent employee is an individual who is employed for 40 hours a week on the average or a combination of individuals with combined hours of employment equal to 40 hours per week.

**Permanent year-round jobs are the priority of the program.** Only permanent jobs may be counted. Only jobs that the assisted business directly creates within a 24-month period following grant award will usually be counted toward this requirement. The Department cannot consider jobs created indirectly by an assisted activity.

If part-time or seasonal employment is proposed, the application must include an estimate of the number of hours to be worked each year for each proposed position. Temporary construction jobs, other temporary jobs, and some seasonal jobs may not be counted. Projects involving primarily seasonal jobs are not generally acceptable under federal CDBG requirements. In order to be counted, a seasonal job must be the primary occupation and the principal source of income to the LMI person for the year. This situation is very difficult to document and is not encouraged for CDBG-ED projects.

⇒ The base level of employment with a list of all current employees and job titles must be provided with the application in order to determine the actual number of new FTE's created. For existing firms, applicants must provide employment levels for the past year. The date for determining the base level of employees will be the date the Department determines that the local government's application is complete.

Minimum job requirements should not exceed the equivalent of a high school education, in order to be counted as a job opening available to be filled by LMI persons. If job qualification requirements exceed the equivalent of a high school education training can be provided to enable otherwise unqualified persons to qualify for the position. The jobs that are to be created must be physically accessible to the LMI population within a reasonable geographic area. (See *Chapter III, Hiring and Training Plans for Customized Training of Employees*)

The family income is considered at the time the jobs are filled or retained, not after the LMI person is hired. For new hires, income is determined for the year prior to the date the person is hired.

For projects involving the retention of jobs, the income levels should be documented using the prior year's income of the family. The verification forms should be completed no more than 30 days prior to submittal of the application. The application must provide clear and objective evidence that, without the CDBG-ED assistance, the jobs would be lost. The business must commit to filling as many new job openings from turnover and job creation as is reasonably possible with LMI persons. The full application must include a complete listing of all existing jobs by title, race, ethnicity, gender and disability status. The application must indicate which positions LMI persons currently hold. (Forms and information are available upon request from the MDOC to assist the applicant and business in providing this information.) The business should provide an estimate of its expected job turnover rate during the next two years, especially if job turnover will be counted toward the LMI benefit percentage. Businesses claiming retention of jobs must submit with the full application documentation verifying that the existing employees are eligible to be considered LMI by using the income verification form provided upon request by the Department. Income survey forms and racial category forms must be completed for each retained FTE.

Assistance for developing a hiring and training plan may be obtained from the local Job Service or the Human Resources Development Councils. HUD will accept persons eligible as LMI persons under other job training programs, except for those eligible under the Dislocated Workers Program.

Grantees must ensure that the assisting agency, the assisted business and the grantee maintain complete hiring records. Federal regulations and reporting requirements require that racial, ethnic and gender characteristics information be maintained for all job applicants and new hires (see **Appendix S**).

Applicants should take into consideration equal opportunity and nondiscrimination laws to ensure that women and minorities are not excluded from participation, denied the benefit of, or subjected to discrimination under any program or activity funded in whole or in part with CDBG-ED funds.

## **10. Management Plan**

**The MDOC strongly encourages CDBG-ED applicants to contract with experienced**



## regional revolving loan fund managers.

As part of its application, each applicant must submit a draft management plan, that at a minimum:

- a. Addresses the local government's plans for assuring proper management of the CDBG-ED project, including financial management of grant funds, compliance with State and federal requirements, effective and timely start-up and completion of project activities; and
- b. Identifies the person or persons who will be responsible for day-to-day grant management (or position descriptions developed for these persons) and any contracted services to be used in carrying out the project.
- c. References a sub-recipient agreement, if applicable, which a draft of must also be included in the application.

The draft sub-recipient agreement and draft management plan must be submitted with the application. **Appendix L** contains a sample sub-recipient agreement, and **Appendix M** contains sample management plans. Each applicant must modify the sub-recipient agreement and management plan to fit its unique situation. (Note: The MDOC will review the sub-recipient agreement, if applicable, and management plan for consistency with CDBG-ED program rules and guidance. The grantee may be required to amend or make modifications to the sub-recipient agreement and/or management plan.) Please also review **Appendix K** for the MDOC's procurement of professional services policy.

⇒ If the applicant is a previous or current grantee under the State CDBG-ED Program, the applicant's performance of project management responsibilities must be acceptable in order for the applicant to apply for additional CDBG-ED funding. Local governments that are currently administering CDBG projects will be eligible for reapplication if:

- The MDOC determines that current or previously funded CDBG-ED projects are being administered in an acceptable manner, and there are no outstanding findings from audit reports;
- Current or previously funded CDBG-ED projects are consistent with implementation schedules contained in corresponding CDBG-ED contracts with the Department.

To be awarded a grant under the CDBG-ED Program, a local government must have the management capacity to undertake and satisfactorily complete the project it is proposing. An applicant is assumed to have the capacity to undertake the proposed project unless available information raises a question concerning an applicant's capacity. If any question arises during the evaluation of the application, the MDOC may request additional information.



If an applicant does not believe that it currently has the capacity to manage a CDBG-ED grant, it may propose to hire administrative staff or arrange for project administration by another local government through an inter-local agreement or by contracting for administrative services with a consultant or nonprofit agency, after grant award. In all cases, the applying local government assumes direct responsibility for proper financial management of the CDBG-ED funds awarded to it.

## **11. Program Income/Revolving Loan Fund**

"Program income" is any income earned from CDBG-ED supported activities such as repayments of principal and interest from loans for economic development projects paid back to a local government. Under the Federal Housing and Community Development Act, a state may require a local government to return program income to the State to fund additional CDBG-ED activities, except where the local government uses the program income to continue the activity from which such income was derived. The Department's decision to permit retention of program income will be determined based on the adequacy of the proposed plan for the use and administration of program income submitted with the application or developed before loan repayment begins.

The local government must be willing to commit the necessary resources, including financial support, to the proper management of the program income received from CDBG-ED financed loans and other CDBG-ED program income. The Department must approve a program income plan or revolving loan fund plan prior to submitting their first request for funding as a part of the start-up activities (see **Appendix J** for a revolving loan fund plan example). If the MDOC determines that the plan and proposed level of support and resources committed to it by the applicant community are inadequate, the Department will recover the program income. Please refer to the MDOC's most recent *CDBG Program Income and Revolving Loan Fund Manual* for guidance on management of program income.

### **For local governments managing program income, the following provisions apply:**

#### **a. After Project Closeout -- For the years of 1992 and prior:**

- The MDOC encourages the use of program income for CDBG eligible activities that assist a minimum of 51% low and moderate-income persons.
- Program income should be expended on activities as specified in the local government's program income plan and/or closeout agreement.

#### **b. After Project Closeout -- For the years of 1993 and Later:**

MDOC has developed the following policy for expenditure of program income after close-out which will meet the federal national objective of benefiting low and moderate-income persons (LMI) and allow local governments some flexibility with their program income:

For revolving loan funds managed by local governments:

- For CDBG economic development activities: a maximum of 18% would be allocated to an administration fund and a minimum of 82% allocated to an activity fund for each state fiscal year.
- After subtracting administrative costs, the remaining CDBG activity funds must be used on CDBG eligible activities that principally benefit low and moderate-income persons (at least 51%). In addition, all program income received by a grantee after closeout must continue to be used in accordance with the provisions of Title I (Davis Bacon wage rates, environmental review, etc). As such, all regulations and requirements that applied during the term of the project will apply to the program income received after closeout. The first annual period for which it may be applied begins with fiscal year 1994, beginning July 1, 1993.

If a community has a CDBG-ED grant that is not closed out and receives a new CDBG-ED grant, the community may be required to expend un-obligated program income from the earlier CDBG-ED project on activities under the new CDBG-ED project before the community can request funds from its new grant. This would not apply if the funds have been set-aside in a separate revolving loan fund account and have been allocated for specific projects. However, local revolving loan funds must be substantially disbursed before additional funds are requested from the MDOC.

According to federal regulations, when repayments from a CDBG funded project are paid back to a local government revolving loan fund, the program income never loses its federal identity. When loans are repaid, all HUD Title I requirements, such as environmental review and Davis-Bacon wage rates must be met in subsequent relending activity. There is only one exception to this regulation:

- **When loan repayments are made to a qualified nonprofit community development organization. That is, when repayments are managed by a non-profit (of which the organization's main function primarily focuses on community development), those funds are not considered program income.** Prior to project closeout, the local government is the recipient of the CDBG-ED funds and Title I applies to all activities. After project closeout, if program income is managed by a non-profit, Title I does not apply to the non-profit's activities. The Department encourages nonprofit community development organizations to continue to relend repayments to businesses that intend to hire at least 51% low and moderate-income persons.

#### **For CDBG economic development payments made to a qualified non-profit:**

Payments made to a community development organization that uses the funds for continued economic development activities do not have to meet any Federal requirements. However, the local government can still establish requirements for re-use of the funds, and require some CDBG-ED requirements to be followed, through the agreement between the local government and the community development organization. A revolving loan fund plan must be executed that is agreeable to the local government. To contract the

management of a revolving loan fund, the local government must execute a sub-recipient agreement (**Appendix L**) with the community development organization for management of the revolving loan fund.

**PLEASE NOTE:** The Legislature instituted a Certified Regional Development Corporation (CRDC) Program in order to look at economic development from a regional perspective. Over the last three years, the Montana Department of Commerce has been strongly advising applicants to designate their respective CRDC as revolving loan fund manager. The CRDC should be responsible for management of repayments of CDBG-ED loans through the CRDC's revolving loan fund. This way relending activities would be available to the entire region covered by the CRDC, would be available to all eligible businesses in the region, and would more likely be used in priority economic development projects. The Department continues to strongly encourage this partnership to manage CDBG-ED and other economic development revolving loan funds.

There may be circumstances where it is appropriate to allow a local government to manage its revolving loan fund, or contract with another entity for management. The Department will evaluate this on a case-by-case basis, and may provide an exception to a CRDC revolving loan fund management, providing there is adequate and compelling rationale to grant an exception.

For more information on CRDC's, please view the following website:

[http://businessresources.mt.gov/BRD\\_CRDC.asp](http://businessresources.mt.gov/BRD_CRDC.asp)

The Department encourages community development organizations to continue to use loan proceeds for CDBG eligible activities that benefit 51% low and moderate-income persons, and to follow activities specified in the revolving loan fund plan.

⇒ A detailed source of information regarding program income and property management and disposition requirements is provided by the Department in Chapter 4 of the *CDBG Grant Administration Manual*, and the most recent *CDBG Program Income and Revolving Loan Fund Manual*.

## **12. Property Management and Disposition**

Federal property management requirements apply to real property within the grantee's control acquired or improved in whole or in part using more than \$25,000 of CDBG-ED funds. These requirements apply from the date CDBG-ED funds are first spent for the property until five years after closeout of the grant from which the assistance to the property was provided.

## **13. Acquisition**

Federal requirements specify that local governments proposing the public acquisition of real estate or easements as part of a CDBG-funded project must formally notify the effected property owner(s), prepare an appraisal to determine fair market value, have the appraisal reviewed, and make a written offer to purchase based upon an amount



determined to be "just compensation." Local governments or businesses considering acquisition of real property as part of a CDBG-ED project should contact the Department for guidance.

#### **14. Federal Labor Standards**

Federal labor requirements should be given careful consideration when planning CDBG-ED funded economic development projects. The Federal Contract Work Hours and Safety Standards Act, Copeland "Anti-Kickback" Act, and the Davis-Bacon Act will probably apply to most economic development projects involving the use of CDBG-ED funds for contracted labor for construction, remodeling, site development, extensive equipment installation or other similar activity for contracts more than \$2,000. The Davis-Bacon Act requires the payment of prevailing wage rates (usually comparable to union scale) on construction paid for in whole or in part with CDBG-ED funds.

Determining the applicability of Davis-Bacon wage rates to an economic development project can be complex. Contact the MDOC, Business Resources Division during the planning stages for a proposed project for guidance and copies of the applicable wage rates and requirements.

The higher labor costs associated with Davis-Bacon wage rates, if applicable to a project, must be considered when calculating project costs and when obtaining estimates from potential contractors.

#### **15. Project Budget**

Applicants should apply only for the level of funding necessary to carry out the project. Grant requests must be sufficient either by themselves or in combination with other proposed funding sources to complete the proposed activities within the contract period. Each applicant must propose a budget that is sufficient to assure effective administration and timely project completion. A budget form is included in **Appendix N, Sources and Uses Form and Pro-Forma Balance Sheet Format.**

The total budget of any proposed CDBG-ED project should be divided between "activity costs" (such as a loan to a for-profit business for equipment, working capital, etc.) and "administrative costs." The administrative budget covers the costs of carrying out a local project, including costs involved in preparing the required environmental review; the cost of the local government audit; and other contractual costs for professional services that may be associated with administration of the program.

A narrative justification for the specific proposed CDBG-ED project activities and related administrative costs must accompany the budget, including a breakdown of total project costs that identifies sources and amounts of all non-CDBG-ED funds to be used. The cost estimates for each item in the proposed budget must be explained in the narrative. For other sources of funds needed to complete the project, the status of these funds and how they will be used in conjunction with CDBG-ED funds should also be described and documented (land and equipment appraisals, architects' cost estimates, etc.).



Costs incurred by the grantee or the business prior to award of the grant and release of funds by the Department such as fees for preparing the application; a community survey or needs assessment; preparation of the environmental review record if conducted prior to award; or expenses incurred by the business to be assisted are not eligible for reimbursement with CDBG-ED funds in the event of a grant award.

⇒ The Department recommends that applicants budget up to \$2,000 for project audits. Grantees, depending on the usual audit frequency of the local government, may be audited more than once during the term of the project. However, grantees need to be aware that the Single Audit Act of 1996 (the "Single Audit Act Amendments") does not allow the cost of audits to be charged to federal awards (i.e., CDBG) if the total federal expenditures of the local government are less than \$500,000 per fiscal year.

Applicants should be especially careful to ensure that all potential costs for carrying out the project are identified before submitting the application.

**Note:** For local governments retaining and subsequently re-loaning program income, the program income is considered federal funding and must be counted as part of the total federal expenditures.

## **16. Resolution to Authorize Application**

Each application for CDBG-ED funds must be accompanied by a copy of a resolution duly adopted or passed as an official act by the applicant's governing body within six months of the date of application which:

1. Authorizes the submission of the application (**Appendix H**);
2. States the applicant's willingness to abide by the federal requirements described in the *Acceptance of CDBG Program Requirements, Certifications for Application* (**Appendix C**);
3. Authorizes the applicant's chief elected official to act on its behalf regarding the application and to provide such additional information as may be required.

The MDOC will assume that the applicant has determined its legal authority under Montana law to apply for the grant and to conduct the activities proposed in the application. The Department may request additional information from the applicant if it is aware of any evidence to the contrary.

## **17. Resolution of Support From A Certified Regional Development Corporation**

All local governments must show a coordinated effort with the Certified Regional Development Corporation (CRDC) in their area. A copy of a resolution passed by a CRDC's Board of Directors showing support for the proposed project and application must be included in each application for CDBG-ED assistance. If a local government is not able to provide this, it must include an explanation why one is not included.

For a list of CRDC's in Montana, please view the following website:

## **18. Maps**

Each application must include two (2) clearly legible maps:

- a. One that documents the applicant's political jurisdiction and the proposed project area. Assisted business or project area must be indicated with a highlighter or clearly marked with a pen, and
- b. Applicants must also submit a Federal Emergency Management Agency (FEMA) map designating whether or not the project area is within or outside a designated flood plain. Assisted business or project area must be indicated with a highlighter or clearly marked with a pen.

## **19. Implementation Schedule**

Each application must include a draft implementation schedule (**Appendix P**) that outlines project milestones and targets for hiring and training goals.

## **E. FUNDING CRITERIA**

The review of the application will be expedited and the application's likelihood of being funded will increase if the local government applying and the business that will be assisted have adequately demonstrated that:

- a. All requirements are met or exceeded.
- b. The level of CDBG-ED assistance is appropriate in relation to the public benefit expected to result from the project.
- c. The proposed management is experienced in the type of business activities proposed and has demonstrated the capacity to successfully manage the entity to be assisted.
- d. The application is complete as submitted and contains accurate information.
- e. The earnings projections submitted with the application are realistic and attainable, are supported by historical trends and industry norms, and indicate that the projected cash flow is sufficient to support the proposed increased debt.
- f. The CDBG-ED funds would be adequately secured with all reasonably available assets and/or personal guarantees.
- g. The application documents a sound, well-reasoned proposal with a perceived strong chance for success if CDBG-ED funds are received.

- h. The private or public sector lenders involved in the project have provided firm commitment of funds.
- i. The project is ready to proceed upon the notification of the tentative CDBG-ED award and implementation will begin immediately.
- j. The application conclusively demonstrates that the project will support itself over time and will not impose a burden on any local government or nonprofit entity participating in the project.
- k. The applicant has considered the quality of the job and the wage it pays. The Grant Review Committee will place greater weight on job quality and wages paid when evaluating CDBG-ED projects for funding.
- l. Applications where viability may be questionable, or where the overall business plan or need for CDBG-ED assistance is not adequately documented, may be restructured, renegotiated or not funded, depending on the severity and nature of the problems identified.
- m. Proof of worker's compensation insurance coverage is provided in the application for the local government, assisted business, local development organization, and any other consultant to be performing work under a Montana Department of Commerce contract.

#### **F. REALLOCATION OF UNCOMMITTED FUNDS**

The Federal Housing and Community Development Act requires states to distribute CDBG funds to local governments "in a timely manner." HUD encourages the State to have all of its annual allocation, excluding the State's administrative funds, to be obligated and announced to units of general local governments within 15 months of the State signing its grant agreement with HUD. Therefore, if after 12 months from the date of signing the grant agreement, the MDOC does not have at least 95% of its fiscal year allocation obligated and announced to local governments to achieve these goals the Department Director may award funds from any funding category to remaining, eligible, yet unfunded applications.



### **III. BUSINESS APPLICATION REQUIREMENTS**

#### **A. D-U-N-S NUMBERS AND NAICS CODES**

##### **1. Dun and Bradstreet - DUNS Numbers**

###### **What is a DUNS Number?**

The D&B DUNS Number is a unique nine-digit identification sequence, which provides unique identifiers of single business entities, while linking corporate family structures together. D&B links the D&B DUNS Numbers of parents, subsidiaries, headquarters and branches on more than 70 million corporate family members around the world. Used by the world's most influential standards-setting organizations, it is recognized, recommended and/or required by more than 50 global, industry and trade associations, including the United Nations, the U.S. Federal Government, the Australian Government and the European Commission. In today's global economy, the D&B DUNS Number has become the standard for keeping track of the world's businesses.

For more information on DUNS numbers see the following website:

**[http://www.whitehouse.gov/omb/grants/duns\\_num\\_guide.pdf](http://www.whitehouse.gov/omb/grants/duns_num_guide.pdf)**

###### **For a CDBG-ED application, businesses must have a D-U-N-S registration number.**

This number will be entered on **Appendix A, Montana Department of Commerce Economic Development Project Application Form and Table of Contents**, and other CDBG-ED reporting forms. Registration for a D-U-N-S number is free of charge. To register please refer to the following website:

**<http://smallbusiness.dnb.com/webapp/wcs/stores/servlet/SmbHome?storeId=10001>**

##### **2. NAICS Codes**

Businesses must determine its appropriate industry code. This code will be reported on **Appendix A, Montana Department of Commerce Economic Development Project Application Form and Table of Contents**, and other CDBG-ED reporting forms. NAICS codes are used by the US Census Bureau for industry classification. Please refer to the following website for a listing of current codes, or contact CDBG-ED staff for assistance:

**<http://www.census.gov/naics/2007/NAICO607.HTM>**



## **B. BUSINESS PLAN**

The business plan components contained in this section are required for CDBG-ED applications involving loans, grants, or public improvements directly assisting for-profit or nonprofit entities.

Each applicant must submit a business plan for each business or entity to receive direct assistance, whether for-profit or nonprofit. Each business plan must contain sufficient information for the Department to obtain an adequate understanding of the business to be assisted, including products or services, estimated market potential, management experience of principals, current financial position, and details of the proposed venture. The Montana CDBG-ED Program has developed a brief Business Plan Outline, which may be helpful in developing a business plan for the application (**Appendix T**).

All business plan information and financial exhibits will be considered confidential, for evaluation purposes only, and will not, except as required by law, be provided to any third person, firm, corporation, or public entity without the express written consent of the business. **The Department encourages businesses to execute a confidentiality agreement with the Department (Appendix Q) and submit a subsequent affidavit outlining parts of the CDBG-ED application it prefers to be held confidential. Assisted businesses are encouraged to work with the program when executing this agreement.**

The business plan must include the following elements and must provide sufficient detail for adequate analysis:

### **1. Business Description**

Include a description of the company or enterprise and an explanation of the products or services offered.

### **2. Management Information**

Provide the names, titles, and resumes of each principal to be responsible for the management of the business.

### **3. Market Analysis**

Discuss the present or proposed market area and share, with future projections, and provide an explanation of how the information was developed (for example, market surveys). Document any identified potential markets (for example, contracts, letters, or other evidence of interest in the product(s) by potential buyers or distributors), especially if sales projections show annual increases exceeding 25%.

#### 4. Sources and Uses of All Funding

This section of the application should discuss the source, use, and terms of all funds to be included in the project. Use the form in **Appendix N** pages N-4 and N-5, to list the sources and uses of all funding for the project. A description of all aspects of the proposed assistance (i.e., loan terms, security, etc.), and the rationale for each must be included with the application. A narrative explanation/justification for the administrative portion of the budget must be attached.

#### 5. Financial Exhibits

The business must be able to show that projected cash flow will be sufficient to cover projected debt service and that a positive net worth can be attained. The projections must include a narrative explanation of how the figures and assumptions were derived with special emphasis on any changes in major assumptions from existing conditions (i.e., changes in cost of goods sold and general administrative expenses as a percentage of sales, or if sales increases exceed 25% annually). Special care should be taken to include increased labor costs related to achieving the hiring goals contained in the hiring and training plan. **NOTE: Financial information is required for all projects, including projects that are only for employee training.**

**The business plan must include the following financial exhibits:**

##### a. Financial Statements

For an existing business, provide financial statements for the 3 most recent years of operation to include the following:

- Balance Sheets
- Profit and Loss Statements
- Cash Flow Statements

**Current financial statements compiled or reviewed by an independent certified public accountant, with full disclosure notes, are required for businesses that have been in operation for more than one complete business fiscal year.** In addition to the CPA-prepared year-end financial statements, internally prepared interim financial statements will also be accepted. A responsible officer of the business must sign all financial information. Financial statements must also include a current Aging of Accounts Receivable and Payable. There should not be significant gaps (not more than 90 days) between the historical statements and the projected statements. The projections should use the same fiscal year periods as the historical financial statements. Applications that contain appropriate, updated, accurate financial information can be processed much more quickly than incomplete applications that require Department requests for additional information.

**b. Projections**

Provide the following projections for three years (two years in some cases):

- Pro-forma Balance Sheet (**Appendix N, pages N-6 and N-7**)
- Balance Sheets
- Profit and Loss Statements
- Cash Flow Statements

Earnings projections must include a projected monthly cash flow analysis for at least one year and until the break-even point is projected to be reached by the business. For a business that experiences regular or occasional cyclical variations in cash flow, provide a narrative explanation of the reason(s) for the occurrence of the cycles. Also, explain the effect, if any, on the business's ability to meet its debt obligations identified in the existing and projected debt schedules.

**c. Debt Schedule**

Provide descriptions of all existing and projected debts and lenders, annual debt service amounts, and any related loan requirements. Financial statements should include current maturities of long-term debt and adjusted principal balances. All debt sources must be identified independently and not combined into one long-term debt number on the balance sheet. Principal and interest payments for at least three years should be included for all sources.

**d. Working Capital Needs**

Provide information on working capital needs and verify through cash flow projections, explaining changes in inventory and receivables.

**e. Requirements for Business Owners with a 20% or Greater Ownership**

Personal Financial Statements and tax returns are generally required for all owners with 20% or more ownership in the business to be assisted. The Department also requires personal or corporate income tax returns for all affiliated businesses. Personal guarantees will be required by owners with a 20% or more ownership at the discretion of the Grant Review Committee.

**f. Personal Credit Check Release**

The principal owners of the business, as defined above, must provide a release allowing for a personal credit history check by the Department as part of the application review.

Applicants should include any other information that may be helpful in documenting the economic viability of the project.



## 6. Private Sector Commitments

Applicants must provide firm commitment letters from any private sector lenders or investors involved in the project. Such commitments should be binding, contingent only upon receipt of CDBG-ED funds. All terms and conditions that apply to each funding source must be submitted as part of the application. Applications that include a loan guarantee from the Small Business Administration or USDA Rural Development must include the letter of authorization from the appropriate agency that contains the terms and conditions that apply to the loan. Terms and conditions for proposed debentures must be included. Letters of commitment from investors, owners and/or others providing assistance must be submitted with the application and must:

- Be on a letterhead of the firm and signed by an official of the firm authorized to commit the organization;
- Provide a clear statement of the firm's concept of the project (i.e., location, scope and cost);
- Specify the nature of the commitment (e.g., the amount of private commitment, amount of borrower's commitment, type and size of the project, number of jobs to be created, and commitment to hire low and moderate-income individuals);
- State a willingness of the firm to sign a legally binding commitment upon grant award and that the firm has reviewed the grant application and has approved its content. Letters of commitment from private financing institutions must specify the amount and type (for example, interim construction financing) of the loan being provided for the specific activity to be undertaken. The commitment should be binding, contingent only upon receipt of CDBG-ED funds.

## 7. Public Sector Commitments

If resources from the public sector or nonprofit entities are to be involved in the proposed economic development project, applicants must provide written evidence of firm commitment of public funds and/or other resources. Such commitments should be binding, contingent only upon receipt of CDBG-ED funds to the project. Evidence should include resolutions passed by the local governing body and/or a letter of commitment from other sources. Projects that include matching funds from the Economic Development Administration (EDA) for public facilities in support of economic development may be reviewed and approved contingent on EDA approval if necessary to meet EDA requirements.

Applications should be submitted only for those projects that are ready to proceed, pending receipt of CDBG-ED funds. **All project funding must be fully committed and available and the project must be ready to proceed within six months of award.**



## **C. HIRING AND TRAINING PLAN**

The primary goal of any CDBG-ED funded economic development activity is to increase year-round and permanent job opportunities for local residents, particularly persons of low and moderate-income (LMI).

A "low and moderate-income person" is defined as a member of a low and moderate-income family or individual in a household. The total income and size of the family, not the individual's income, determine whether an individual is considered to be LMI. "Family" is considered to be husband, wife and dependents, such as the IRS determination for income tax purposes.

Applicants must provide a Hiring and Training Plan (see **Appendix O**) to ensure preferential recruitment, hiring, and training of local workers, particularly those of low and moderate-income. In the event of grant award, the applicant's commitment to the Hiring and Training Plan will be considered binding. A final hiring plan will be incorporated in the grant agreement and the contract between the local government and the MDOC.

At a minimum the Hiring and Training Plan must include the following:

1. A breakdown of jobs to be created or retained, including the number and type of jobs that are full-time, part-time, skilled, semiskilled, or unskilled positions.
2. A discussion of the actions to be taken to ensure that the positions created will be filled by LMI persons.
3. A breakdown of jobs to be created, including the job titles and descriptions and the rates of compensation. For applications proposing positions involving less than full-time employment, an estimate of the number of hours to be worked each week or the number of months to be worked each year for each position must be included.
4. A timetable for creating the jobs, the total number of persons, and number of LMI persons to be hired.
5. An assurance that the business will comply with the equal opportunity and nondiscrimination laws.
6. Procedures for outreach, recruitment, screening, selection, training and placement of workers that will ensure maximum access for local residents, particularly persons of low and moderate-income.
7. A description of the training curriculum and resources, if applicable.
8. Written commitments from any agencies or organizations participating in the implementation of the hiring plan (e.g., Job Service, HRDC, etc.).
9. A written commitment from the assisted business to comply with the hiring plan.

The assistance agreement and/or loan agreement between the grantee and the assisted business will contain conditions regarding the hiring of LMI persons. **The assisted business must show substantial compliance with the hiring and training plan and a "good faith" effort toward accomplishing the hiring goals set out in the assistance agreement before the project can be closed out. If the business does not meet it's LMI hiring goals, it will be asked to document its hiring and training methods and provide rationale for not hiring the agreed upon number of LMI persons. Businesses that do not provide adequate rationale for not hiring the agreed upon number of LMI persons may face payback of all CDBG-ED awarded funds.**

Hiring goals should be reasonable and justified by the financial statements and projections. Claims for the number of jobs to be created or retained should be realistic and not inflated or too optimistic.

#### **D. HIRING AND TRAINING PLANS FOR CUSTOMIZED TRAINING OF EMPLOYEES**

Applicants must include the information under Part C., Hiring and Training Plan, (above) in addition to responding to the evaluation criteria listed below:

1. Describe the kind of training that will be provided to the employees. Training should be provided to newly hired persons identified for an upgrade in skills. *(These persons do not have to be on the payroll at the time of application to the MDOC; but must be on the payroll prior to training.)* **Types of training and individuals to receive training must be clearly outlined in the customized training plan. Changes to the plan must be approved by the Department in the event overall training needs change.**
2. Estimate the number of positions and the date the job openings will be available. Job openings must equal the number of persons to be trained. MDOC will not provide funds for training more people than there are jobs available. Only employees working full time, at least 40 hours per week, at the end of the training period are eligible for reimbursement of training costs.
3. Explain how many employees are expected to receive training out of those listed on the hiring and training plan. The proportion of CDBG-ED funds used for the training project must be in proportion to the total number of individuals assisted who are from LMI households. At least 51% of those trained using MDOC funds must meet the HUD low to moderate-income (LMI) criteria. For guidance, refer to Chapter II, Section D.3, Benefit to Low and Moderate-Income Persons. Incomes for all persons hired by the company must be verified at the time of hire through the local Job Service or a local contractor.
4. Describe the method of training or explain how the training will be accomplished and by whom. Will the training be provided on-site by the company or a contractor, provided out-of-state, or provided by an educational institution?
5. For training funded with this grant, describe what will be the duration of the training period. When is the training period expected to begin and end? NOTE: The training period

for which CDBG-ED funds are used cannot extend beyond the period of one year.

6. Explain what the company expects to accomplish at the end of the training period.

➔ Explain and provide a budget, which includes the overall costs of the training, including the portion to be paid by CDBG-ED grant funding. **At the end of the training period, employees must be paid a compensation package in salary and benefits that meets at least the lower of either the county's average hourly wage, or the State's average hourly wage. Average wage rates are determined by the Montana Department of Labor. Contact CDBG-ED staff for the most currently used wage table.** The definition of what constitutes adequate benefits is subject to evaluation by MDOC. Local governments may set a higher minimum. The Department may consider projects that involve lower compensation packages only in situations where there is a significant positive impact overall on the local economy and strong community support is documented. The training period shall not exceed 12 months per individual.

a. List the starting wage and the wage to be paid after training for each position.

b. List the job benefits to be paid and explain when benefits will begin.

c. List any payments to instructors and/or contractors, if any.

d. List and justify travel and per diem costs, if any.

e. If CDBG-ED funds will be used for childcare or transportation costs, provide a description.

f. Describe the company's contribution and commitment to the training program. For example, is the company contributing cash, or in-kind facilities or equipment? If outside funds or resources are being provided as a contribution, please submit a written commitment from these sources.

➔ **At the time of application, the company may be required to:**

g. Provide a signed certification that in the event the company ceases operation within the MDOC contract period, which is usually 24 months, the company will reimburse the local government the full amount of the MDOC labor training grant; and

h. Provide a signed assurance that if the employees to be trained with MDOC funds are not paid at least **a compensation package in salary and benefits that meets at least the lower of either, the county's average hourly wage, or the State's average hourly wage**, MDOC training funds will be recaptured by the local government; and

i. Provide quarterly reports to the local government and the MDOC that document the higher wages paid after training during the contract period.



**PLEASE NOTE: Businesses may not be reimbursed for training expenses until a trainee has completed his/her required training and is making the minimum compensation package. Funds will not be advanced for training purposes.**

The assurances must be signed by the person in the company who has been assigned the duties and responsibilities for training, and who will be responsible for the overall success of the program. See **Appendix U** for a template of grant assistance agreements.

## **E. GENERAL POLICIES ON LOAN REQUESTS**

All loans made to nonprofit organizations and for-profit businesses are subject to the following guidelines:

### **1. Loan Terms**

The terms of the loan should be consistent with the projected use of funds and individual project needs. For example, terms for financing machinery and equipment should generally be between 5 and 10 years. For buildings and real estate, terms should generally range between 15 and 20 years. Working capital loans should be limited to 7 years. If the applicant requests a deferral of repayments and the Department accepts it, the term of the loan will include the deferred period. For example, a loan with a 10-year term with a 1-year deferral period has a total term of 10 years, not 11.

### **2. Deferral of Repayments**

Repayments of principal, interest or both may be partially deferred up to 2 years. The projected cash flow of the business and the defined financial gap must support the need for a deferral. The Department will require that at least nominal payments be made in each year from the time the loan agreement is executed.

### **3. Loan Security**

All loans must be secured with fixed assets (i.e., land, buildings, and capital equipment), personal guarantees, or any other reasonable source of available collateral. CDBG-ED funds may be placed in a subordinated security position to other lenders involved in the project. Applicants must include documentation for the value of collateral offered for security and a description of all security positions held by lenders and any liens that may apply to the collateral (tax liens, mechanics liens, or other liens). The Department will negotiate with the business for the most secure position that is reasonably available, regardless of the proposed use of the CDBG-ED funds (for example, fixed assets may be used to secure working capital loans).

#### **4. Interest Rate**

Interest rates for CDBG-ED funded loans to for-profit businesses will generally be **5.0%**. Lower or higher interest rates may be negotiated based on proposed job creation and the Grant Review Committee's perception of risk and return.

#### **F. WORKERS' COMPENSATION INSURANCE COVERAGE**

Entities receiving assistance from the Montana Department of Commerce are required to comply with the provisions of the Montana Workers' Compensation Act while performing work for the State of Montana in accordance with sections 39-71-401, 39-71-406, and 39-71-417, MCA. Proof of compliance must be in the form of workers' compensation insurance, an independent contractor's exemption, or documentation of corporate officer status. Neither the contractor nor its employees can be employees of the State. This insurance/exemption must be valid for the entire term of the contract. A renewal document must be sent to the Community Development Block Grant – Economic Development Program, Montana Department of Commerce, PO Box 200505, Helena, Montana, 59620-0505 upon expiration.

Proof of coverage must be sent to the Department with the local government's application for CDBG-ED grant assistance. Contracts will not be awarded without proof of coverage.

Coverage may be provided through a private carrier or through the State Compensation Insurance Fund (406) 444-6500. An exemption can be requested through the Department of Labor and Industry, Employment Relations Division (406) 444-1446. Corporate officers must provide documentation of their exempt status.

# APPENDICES

## V. APPENDICES

- A ECONOMIC DEVELOPMENT PROJECT APPLICATION FORM AND TABLE OF CONTENTS
- B LOCAL GOVERNMENT LOCAL DEVELOPMENT ORGANIZATION AND BUSINESS APPLICATION CERTIFICATION
- C ACCEPTANCE OF CDBG PROGRAM REQUIREMENTS, CERTIFICATIONS FOR APPLICATION
- D STATE OBJECTIVES FOR THE MONTANA DEPARTMENT OF COMMERCE BUSINESS RESOURCES DIVISION COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
- E FULL ENVIRONMENTAL CHECKLIST FOR CDBG ECONOMIC DEVELOPMENT APPLICATIONS
  - SUPPLEMENT – ENVIRONMENTAL REVIEW SITE SPECIFIC CHECKLIST
- F LOW AND MODERATE-INCOME PERCENTAGES FOR CITIES, TOWNS, AND COUNTIES (2000 CENSUS)
- G CDBG TECHNICAL ASSISTANCE PUBLICATIONS
- H RESOLUTION TO AUTHORIZE APPLICATION
- I SAMPLE FORMATS FOR PUBLIC HEARINGS
- J SAMPLE REVOLVING LOAN FUND PLAN
- K PROCUREMENT POLICY
- L SAMPLE SUB-RECIPIENT AGREEMENTS
  - FOR REVOLVING LOAN FUND PROJECTS
  - FOR NON-REVOLVING LOAN FUND PROJECTS
- M SAMPLE MANAGEMENT PLANS
  - PROJECT MANAGED BY LOCAL GOVERNMENT GRANTEE
  - LOAN PROJECT MANAGED BY THIRD-PARTY NONPROFIT
  - GRANT PROJECT MANAGED BY THIRD-PARTY NONPROFIT
- N SOURCES AND USES FORM AND PRO-FORMA BALANCE SHEET FORMAT
- O SAMPLE HIRING AND TRAINING PLANS
  - HIRING AND TRAINING PLAN
  - HIRING AND TRAINING PLAN FOR CUSTOMIZED EMPLOYEE TRAINING
- P PROJECT IMPLEMENTATION SCHEDULE
- Q CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT AND AFFIDAVIT
- R SAMPLE INTER-LOCAL AGREEMENT



- S** INCOME CERTIFICATION FORMS AND RACIAL/ETHNICITY CATEGORY FORMS
- T** SAMPLE BUSINESS PLAN
- U** SAMPLE GRANT ASSISTANCE AGREEMENTS
  - FOR TRAINING GRANTS
  - FOR INFRASTRUCTURE GRANTS AND NON-PROFIT GRANTS
- V** PRELIMINARY ENGINEERING REPORT OUTLINE
- W** PRELIMINARY ARCHITECTURAL REPORT OUTLINE



## APPENDIX A

### MONTANA DEPARTMENT OF COMMERCE ECONOMIC DEVELOPMENT PROJECT APPLICATION FORM AND TABLE OF CONTENTS

*(It is required that this form be typed and completely filled out)*

Cells are formatted for numbers, currency, and percentages.

This appendix should be the first item to appear in the application.

#### A. APPLICANT INFORMATION

##### 1. Local Government

Name of Local Government	
Address	
Phone Number	
Chief Elected Official (Printed Name and Title)	
Signature of Chief Elected Official	
Local Government Tax ID #	
Senate District Number(s)	
House District Number(s)	

##### 2. Local Development Organization

Name of Contact Person				
Address				
Phone Number				
Email Address				
Existing Revolving Loan Fund (RLF)?	No		Yes	
			Balance	\$

Money available for loans



### 3. Authorization of Release of Information

The Applicant (*Local Government*), **which has ultimate responsibility for submission of this application** designates the following party as the authorized contact for additional information and/or documentation regarding this application for CDBG-ED funding.

Name of Contact Person	
Address	
Phone Number	
Email Address	

### 4. Assisted Business

Name of Company				
Contact Person				
Address				
Phone Number				
Email Address				
Business NAIC Code				
Business DUNS Number				
Does the business provide health care benefits?	No		Yes	

### 5. Regional Development Officer (RDO)

*Local governments must contact their RDO for assistance prior to and during the application process. Contact CDBG-ED staff for name and phone number of your RDO.*

Name of RDO	
-------------	--

### B. PROJECT SUMMARY

In the box below, provide a summary of this proposal which describes the nature of the assisted business. This box may be expanded as necessary.

Please provide sufficient information to explain the primary project and what CDBG-ED funds would be utilized for. Providing a detailed summary will enable grant reviewers to understand the proposal better and facilitate the application review process.

--

## **C. BENEFIT TO LOW AND MODERATE-INCOME (LMI) SUMMARY**

### **1. Jobs and Cost Per Job Summary**

Total Number of <b>New</b> Jobs Created	
Total Number of <b>New LMI</b> Jobs Created	
Total Number of <b>Jobs Retained (only on retention projects)</b>	
Total Number of <b>LMI Jobs Retained (only on retention projects)</b>	
<b>Percentage (%) of Benefit to LMI</b>	
Total jobs/total LMI jobs - minimum 51% benefit to LMI Job retention projects must provide documentation that without CDBG-ED assistance the jobs would be lost.	
<b>CDBG-ED Cost Per Job</b>	
(Maximum \$25,000 per job)	
Total CDBG-ED Activity Funds Requested \$ _____ / # of jobs _____.	

### **2. Customized Training of Employees Summary**

Total Number of <b>Existing</b> Employees to be Trained	
Total Number of <b>New</b> Employees to be Trained	
Total Number of <b>Existing LMI</b> Employees to be Trained	
Total Number of <b>New LMI</b> Employees to be Trained	
<b>Percentage (%) Benefit to LMI</b>	
Total jobs/total LMI jobs - minimum 51% benefit to LMI	

<b>CDBG-ED Cost Per Job</b> (Maximum \$5,000 per job)	
Total CDBG-ED Activity Funds Requested \$ _____ / # of jobs _____ )	

#### **D. FUNDING SUMMARY**

Total CDBG-ED Activity Funds Requested	
Total Other Funds Committed	
Source	
Source	
Source	
Matching Funds (At least 1:1)	
Administrative Funds Requested	
No more than 8% of total CDBG-ED request.	

#### **E. TABLE OF CONTENTS**

Review and complete the General Application Requirements section of the guidelines to make sure that all areas have been completed.

<b><u>APPLICATION REQUIREMENT</u></b>	<b><u>PAGE NUMBER</u></b>
1. Copy of Resolution Passed by CRDC	
2. Community Needs Assessment Narrative and Copy of Assessment Process	
3. Benefit to Low and Moderate Income Persons Narrative	
4. Appendix B. Local Government Local Development Organization and Business Application Certification	
5. Appendix C. Acceptance of CDBG Program Requirements Certification for Application <i>If a joint application, both local governments need to sign.</i>	
6. Appendix D. State Objectives for the Montana Department of Commerce Business Resources Division Community Development Block Grant Program	
7. Appendix E. Full Environmental Checklist	
8. Appendix E-A (Supplement) Environmental Review Site Specific Checklist	
9. Appendix H. Resolution to Authorize Application	



10. <b>Appendix I. Citizen Participation - First Public Hearing</b> Minutes, Attendance Sheet, Affidavit of Publication	<input type="text"/>
11. <b>Appendix I. Citizen Participation - Second Public Hearing</b> Minutes, Attendance Sheet, Affidavit of Publication	<input type="text"/>
12. <b>Appendix J. Draft Revolving Loan Fund Plan</b>	<input type="text"/>
13. <b>Appendix L. Draft Sub-Recipient Agreement</b>	<input type="text"/>
14. <b>Appendix M. Draft Management Plan</b>	<input type="text"/>
15. <b>Appendix N. Sources and Uses Form Part I</b>	<input type="text"/>
16. <b>Appendix N. Sources and Uses Form Part II</b>	<input type="text"/>
17. <b>Appendix O. Draft Hiring and Training Plan or Draft Hiring and Training Plan for Customized Employee Training</b> <i>Hiring and Training Plans for Customized Employee Training need to address the minimum wage requirement.</i>	<input type="text"/>
18. <b>Appendix P. Project Implementation Schedule</b>	<input type="text"/>
19. <b>Appendix Q. Draft Confidentiality and Non-Disclosure Agreement and Affidavit</b>	<input type="text"/>
20. <b>Appendix R. Draft Inter-local Agreement</b>	<input type="text"/>
21. <b>Appendix S. Income Survey Forms and Ethnicity/Racial Forms for Job Retention Proposals</b> <i>Forms for existing employees</i>	<input type="text"/>
22. <b>Appendix T. Business Plan</b>	<input type="text"/>
23. <b>Appendix U. Grant Assistance Agreements</b>	<input type="text"/>
24. <b>Appendix V. Preliminary Engineering Report Outline</b>	<input type="text"/>
25. <b>Appendix W. Preliminary Architectural Report Outline</b>	<input type="text"/>
26. <b>Financial Statements for 3 Most Recent Years of Operation</b> Balance Sheet Profit and Loss Statement Cash Flow Statement Reconciliation of Net Worth Current Aging of Accounts Receivables	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
27. <b>Financial Projections for 3 years</b> Projected Balance Sheet Projected Profit and Loss Statement Projected Cash Flow	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
28. <b>Debt Schedule</b>	<input type="text"/>

- |   |                      |
|---|----------------------|
| <b>29. Explanation of Working Capital Needs</b>   | <input type="text"/> |
| <b>30. Personal Financial Statements and Tax Returns</b><br>(for owners with 20% or more ownership)                             | <input type="text"/> |
| <b>31. Personal Credit Check Release</b><br>(for principal owners)  | <input type="text"/> |
| <b>32. Public and Private Sector Commitments for Funding</b>  | <input type="text"/> |
| <b>33. Acquisition Narrative - <i>if applicable</i></b><br><i>Buy/Sell Agreement</i>  | <input type="text"/> |
| <b>34. Federal Labor Standards Narrative - <i>if applicable</i></b>   | <input type="text"/> |
| <b>35. Map of Proposed Project Area</b>   | <input type="text"/> |
| <b>36. FEMA Flood Map of Project Area - <i>if applicable</i></b>  | <input type="text"/> |
| <b>37. Proof of Worker's Compensation Coverage</b><br>(for local government, assisted business, local development organization) | <input type="text"/> |
| <b>38. Other Items (list)</b>   | <input type="text"/> |

## APPENDIX B

### LOCAL GOVERNMENT LOCAL DEVELOPMENT ORGANIZATION AND BUSINESS APPLICATION CERTIFICATION

As the responsible authorized agents of (Name of Local Government), (Name of Local Development Organization), and (Name of Applicant Business), we hereby submit this Community Development Block Grant - Economic Development Application. The information presented in this application is, to the best of our knowledge, true and accurately represents the proposed project. We understand that additional information and documentation may be required by the Montana Department of Commerce.

(Name of Local Government), has ultimate responsibility as grant applicant for submitting this application with true and accurate information on behalf of (Name of Business). If funded, the (Name of Local Government) has ultimate responsibility for overseeing proper management of the project including compliance with CDBG regulations.

(Name of Local Development Organization), accepts responsibility for submission of true and accurate information in this application submitted by (Name of Local Government) on behalf of (Name of Business).

(Name of Business) accepts responsibility for submission of true and accurate information in this application. If funded, it will accept responsibility for compliance with applicable CDBG regulations and to the provision of benefits and jobs predominately made to low and moderate income persons as specified in this application.

---

Signature (Local Government)

---

Typed Name and Title

---

Date

---

Signature (Local Development Organization)

---

Typed Name and Title

---

Date

---

Signature (Applicant Business)

---

Typed Name and Title

---

Date





## **APPENDIX C**

### **MONTANA DEPARTMENT OF COMMERCE BUSINESS RESOURCES DIVISION COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

#### **ACCEPTANCE OF CDBG PROGRAM REQUIREMENTS CERTIFICATIONS FOR APPLICATION**

Each applicant must agree to comply with all applicable State and federal laws and regulations in implementing their proposed CDBG project, if selected for funding. A copy of the Certifications for Application signed by the chief elected official or executive officer of the applicant and dated within six months of the date of application, must accompany the application for CDBG funds.

Applicants should carefully review these requirements and consider their potential impact when designing their CDBG project. Listed in the following Certifications for Application are the most important federal regulations that apply to projects using CDBG funds. They cover a wide range of issues including environmental impacts, labor standards, employment practices, financial procedures, and civil rights, many of which can have an affect on the costs or complexity of project implementation. Each federal law or regulation is annotated to give the applicant a general understanding of the requirements that must be met. Since this is a brief summary and not intended to be a comprehensive description of each law, local officials who have any questions or concerns regarding the applicability of these requirements should contact the Department of Commerce for guidance.

The local government will comply with all applicable parts of Title I of the Housing and Community Development Act of 1974, as amended, which have not been cited herein as well as with other applicable federal laws and regulations.

The local government will comply with all requirements established by the Department of Commerce and applicable State laws, regulations, and administrative procedures.

The local government accepts the terms, conditions, selection criteria, and procedures established by the Montana Community Development Block Grant (CDBG) Program and expressly waives any statutory or common law right it may have to challenge the legitimacy and propriety of these terms, conditions, criteria, and procedures in the event that it is not selected for an award of CDBG funds.

#### **ACQUISITION, DISPLACEMENT AND RELOCATION**

The local government will minimize displacement as a result of activities assisted with CDBG funds and assist persons actually displaced.

The local government will comply with:

- The Uniform Relocation Assistance and Real Property acquisition Policies Act of 1970 (The Uniform Act) as amended, and implementing regulations 49 CFR Part 24 and the requirements of Section 570.496a. These laws and accompanying regulations require the grantee to provide relocation payments and offer relocation assistance to all persons displaced as a result of acquisition of real property for an activity assisted under the CDBG program. Such payments and assistance must be provided in a fair and consistent and equitable manner that ensures that the relocation process does not result in a different or separate treatment of such persons on account of race, color, religion, national origin, sex, source of income, age, handicap, or familial status (families with children). The grantee must assure that, within a reasonable period of time prior to displacement, decent, safe and sanitary replacement dwellings will be available to all displaced families and individuals and that the range of choices available to such persons will not vary on account of their race, color, religion, national origin, sex, source of income, age, handicap, or familial status (families with children); and
- The grantee must also inform affected persons of their rights and of the acquisition policies and procedures set forth in the regulations of 49 CFR, Part 24, Subpart B.
- The Anti-displacement and Relocation Assistance Plan adopted by the Montana Department of Commerce for the Montana CDBG program.

### **ASSESSMENTS FOR PUBLIC IMPROVEMENTS**

The local government will not attempt to recover any capital costs of public improvements assisted in whole or part with CDBG funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless:

- a. CDBG funds are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than CDBG funds; or,
- b. for purposes of assessing any amount against properties owned and occupied by persons of low and moderate income who are not persons of very low income, the applicant certifies that it lacks sufficient CDBG funds to comply with the requirements of clause a, above.

### **BUILDING STANDARDS**

The local government will require every building or facility (other than a privately owned residential structure) designed, constructed, or altered with funds provided under the Montana CDBG Program to comply with the "American Standard Specifications for Making Buildings and Facilities Accessible to, and Usable by, the Physically Handicapped," Number A-117.1R 1971, subject to the exceptions contained in CFR 101-19.604. It will also comply with the Architectural Barriers Act of 1968 and HUD regulations 24 CFR Part 8,

"Nondiscrimination Based on Handicap in Federally Assisted Activities of HUD". The applicant will be responsible for conducting inspections to insure compliance with these specifications by the contractor; and will comply with HUD Cost-Effective Energy Standards, 24 CFR Part 39.

### **CITIZEN PARTICIPATION**

The local government will comply with the detailed Citizen Participation Plan adopted by the Montana Department of Commerce for the Montana CDBG program.

### **CIVIL RIGHTS, EQUAL OPPORTUNITY, AND FAIR HOUSING REQUIREMENTS**

#### **Civil Rights**

The local government will comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), and the regulations issued pursuant thereto (24 CFR Part 1), which provides that no person in the United States shall on the grounds of race, color, or national origin, be excluded from participation in, be denied in the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant received Federal financial assistance and will immediately take any measures necessary to effectuate this assurance. If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the applicant, this assurance shall obligate the applicant, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits.

#### **Equal Opportunity**

The local government will comply with:

- Section 109 of the Housing and Community Development Act of 1974 as amended, and the regulations issued pursuant thereto (24 CFR 570.601), which provides that no person in the United States shall, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds provided under the Act;
- The Age Discrimination Act of 1975, as amended (42 U.S.C. 6101 et seq.). The act provides that no person shall be excluded from participation, denied program benefits or subjected to discrimination on the basis of age under any program or activity receiving federal funding assistance;
- Section 504 of the Rehabilitation Act of 1973, amended (29 U.S.C. 794). The act provides that no otherwise qualified individual shall, solely, by reason of his or her handicap, be excluded from participation (including employment), denied program



benefits or subjected to discrimination under any program or activity receiving federal assistance funds;

- Section 3 of the Housing and Community Development Act of 1968 (12 U.S.C. 170(u) (24 CFR Part 135). Section 3 of the Housing and Urban Development Act of 1968 requires, in connection with the planning and carrying out of any project assisted under the Act, to the greatest extent feasible, opportunities for training and employment be given to lower-income persons residing within the unit of local government or the non-metropolitan county in which the project is located, and contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part, by persons residing in the project area. The grantee must assure good faith efforts toward compliance with the statutory directive of Section 3; and
- Executive Order 11246, as amended by Executive Orders 11375 and 12086, and the regulations issued pursuant thereto (24 CFR Part 130 and 41 CFR Chapter 60) prohibit a CDBG recipient and subcontractors, if any, from discriminating against any employee or applicant for employment because of race, color, religion, sex or national origin. The grantee and subcontractors, if any, must take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action must include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training, including apprenticeship. The grantee and subcontractors must post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause. For contracts over \$10,000 the grantee or subcontractors will send to each applicable labor union a notice of the above requirements, the grantee and subcontractors will comply with relevant rules, regulations and orders of the U.S. Secretary of Labor. The grantee or subcontractors must make their books and records available to State and federal officials for purposes of investigation to ascertain compliance.

### **Fair Housing**

The local government will affirmatively further fair housing and will comply with:

- Title VIII of the Civil Rights Act of 1968 (also known as The Fair Housing Act) (42 U.S.C. 3601 et seq.), as amended by the Fair Housing Amendments Act of 1988 and the regulations issued pursuant thereto. The law states that it is the policy of the United States prohibiting any person from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, handicap, or familial status. CDBG grantees must also administer programs and activities relating to housing and community development in a manner that affirmatively promotes fair housing and



further the purposes of Title VIII; and

- Executive Order 11063, as amended by Executive Order 12259, requires CDBG recipients to take all actions necessary and appropriate to prevent discrimination because of race, color, religion, creed, sex or national origin; in the sale, leasing, rental and other disposition of residential property and related facilities (including land to be developed for residential use); or in the use or occupancy thereof if such property and related facilities are, among other things, provided in whole or in part with the aid of loans, advances, grants or contributions from the federal government.

### **Prohibition of Discrimination on Basis of Religion**

The local government will comply with section 109(a) of the Housing and Community Development Act which prohibits discrimination on the basis of religion or religious affiliation. No person will be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with CDBG funds on the basis of his or her religion or religious affiliation.

### **Prohibition of Excessive Force**

The local government will, if awarded CDBG funds, adopt and enforce a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations in accordance with Section 104(1) of the Housing and Community Development Act, as amended.

### **CONFLICT OF INTEREST**

The local government will comply with the provisions of 24 CFR 570.611 and with sections 2-2-125, 2-2-201, 7-3-4367, 7-5-2106, and 7-5-4109, MCA, (as applicable) regarding the avoidance of conflict of interest.

### **ENVIRONMENTAL REQUIREMENTS**

#### **Air Quality**

The local government will comply with the Clean Air Act (42 U.S.C. 7401, et seq.) which prohibits engaging in, supporting in any way or providing financial assistance for, licensing or permitting, or approving any activity which does not conform to the State implementation plan for national primary and secondary ambient air quality standards.

#### **Environmental Impact**

The local government will comply with:

- Section 104(f) of the Housing and Community Development Act of 1974, as amended through 1981. This section expresses the intent that "the policies of the

National Environmental Policy Act of 1969 and other provisions of law which further the purposes of such Act be most effectively implemented in connection with the expenditure of funds under" the Act. Such other provisions of law which further the purpose of the National Environmental Policy Act of 1969 are specified in regulations issued pursuant to Section 104(f) of the Act and contained in 24 CFR Part 58; and

- The National Environmental Policy Act of 1969 (42 U.S.C. Section 4321, et seq. and 24 CFR Part 58). The purpose of this Act is to attain the widest use of the environment without degradation, risk to health or safety or other undesirable and unintended consequences. Environmental review procedures are a necessary part of this process. Pursuant to these provisions, the grantee must also submit environmental certifications to the Department of Commerce when requesting that funds be released for the project. The grantee must certify that the proposed project will not significantly impact the environmental regulations and fulfilled its obligations to give public notice of the funding request, environmental findings and compliance performance.

The local government's chief executive officer or other officer of the applicant approved by the State:

1. consents to assume the status of responsible federal official under the National Environmental Policy Act of 1969 (NEPA) and other provisions of federal law, as specified in 24 CFR Part 58, which further the purposes of NEPA, insofar as the provisions of such federal law apply to the Montana Community Development Block Grant Program; and
2. is authorized and consents on behalf of the applicant and himself to accept the jurisdiction of the Federal courts for the purpose of enforcement of his responsibilities as such an official.

### **EPA List of Violating Facilities**

The local government will ensure that the facilities under its ownership, lease or supervision which shall be utilized in the accomplishment of the program are not listed on the U.S. Environmental Protection Agency's (EPA) List of Violating Facilities and that it will notify the Department of Commerce of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be used in the project is under consideration for listing by EPA.

### **Farmlands Protection**

The local government will comply with the Farmlands Protection Policy Act of 1981 (7 U.S.C. 4202, et seq.) and any applicable regulations (7 CFR Part 658) which established compliance procedures for any federally assisted project which will convert farmlands designated as prime, unique or statewide or locally important, to non-agricultural uses.

## **Floodplain Management and Wetlands Protection**

The local government will comply with:

- the Flood Disaster Protection Act of 1973, Public Law 93-234, 87 Stat. 975, approved December 31, 1973. Section 102(a) required, on and after March 2, 1974, the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of Housing and Urban Development as an area having special flood hazards. The phrase "Federal financial assistance" includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect Federal assistance;
- Executive Order 11988, May 24, 1978: Floodplain Management (42 F.R. 26951, et seq.). The intent of this Executive Order is to (1) avoid, to the extent possible, adverse impacts associated with the occupancy and modification of floodplains and (2) avoid direct or indirect support of floodplain development wherever there is a practical alternative. If a grantee proposes to conduct, support or allow an action to be located in the floodplain, the grantee must consider alternatives to avoid adverse effects and incompatible involvement in the floodplains. If siting in a floodplain is the only practical alternative, the grantee must, prior to taking any action: (1) design or modify its actions in order to minimize a potential harm to the floodplain; and (2) prepare and circulate a notice containing an explanation of why the action is proposed to be located in a floodplain; and
- Executive Order 11990, May 24, 1977: Protection of Wetlands (42 F.R. 26961, et seq.). The intent of this Executive Order is to avoid adverse impacts associated with the destruction or modification of wetlands and direct or indirect support of new construction in wetlands, wherever there is a practical alternative. The grantee must avoid undertaking or providing assistance for new construction located in wetlands unless there is no practical alternative to such construction and the proposed action includes all practical measures to minimize harm to wetlands which may result from such use.

## **Historic Preservation**

The local government will comply with:

- Section 106 of the National Historic Preservation Act of 1966 (16 U.S.C. 470, as amended) through completion of the procedures outlined in 36 CFR 800 and 36 CFR 63. Compliance with these procedures should include:
  1. consulting with the State Historic Preservation Office (SHPO) to identify properties listed in or eligible for inclusion in the National Register of Historic



Places that exist with a proposed CDBG project's area of potential environmental impact, and/or to determine the need for professional archaeological, historical, or architectural inventory of potentially affected properties to determine whether they would qualify for register listing; and

2. consulting, as needed with the SHPO, Keeper of the National Register of Historic Places, and the Advisory Council on Historic Preservation to evaluate the significance of historic or prehistoric properties which could be affected by CDBG work and to determine how to avoid or mitigate adverse effects to significant properties from project work.

### **Lead-Based Paint**

The local government will comply with Title IV of the Lead-based Paint Poisoning Prevention Act (42 U.S.C. 4831), which prohibits the use of lead-based paint in residential structures constructed or rehabilitated with federal assistance of any kind.

### **Noise, Facility Siting**

The local government will comply with HUD Environmental Standards (24 CFR, Part 51, Environmental Criteria and Standards and 44 F.R. 40860-40866, July 12, 1979) which prohibit HUD support for most new construction of noise-sensitive uses is prohibited in general for projects with unacceptable noise exposures is discouraged for projects with normally unacceptable noise exposure. Additionally projects may not be located near facilities handling materials of an explosive or hazardous nature, or in airport clear zones.

### **Solid Waste**

The local government will comply with the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901, et seq.). The purpose of this Act is to promote the protection of health and the environment and to conserve valuable material and energy resources.

### **Water Quality**

The local government will comply with:

- the Safe Drinking Water Act of 1974 (42 U.S.C. Section 201, 300(f) et seq. and U.S.C. Section 349), as amended, particularly Section 1424(e) (42 U.S.C. Section 300H-303(e)) which is intended to protect underground sources of water. No commitment for federal financial assistance can be entered into for any project which the U.S. Environmental Protection Agency determines may contaminate an aquifer which is the sole or principal drinking water source for an area; and
- the Federal Water Pollution Control Act of 1972, as amended, including the Clear Water Act of 1977, Public Law 92-212 (33 U.S.C. Section 1251, et seq.) which



provides for the restoration and maintenance of the chemical, physical and biological integrity of the nation's water.

### **Wildlife**

The local government will comply with:

- the Endangered Species Act of 1973, as amended (16 U.S.C. 1531 et seq.). The intent of this Act is to ensure that all federally assisted projects seek to preserve endangered or threatened species. Federally authorized and funded projects must not jeopardize the continued existence of endangered and threatened species or result in the destruction or modification of habitat of such species which is determined by the U.S. Department of the Interior, after consultation with the state, to be critical; and
- the Fish and Wildlife Coordination Act of 1958, as amended, (U.S.C. 661 et seq.) which requires that wildlife conservation receives equal consideration and is coordinated with other features of water resource development programs.

### **Wild and Scenic Rivers**

The local government will comply with the Wild and Scenic Rivers Act of 1968, as amended (16 U.S.C. 1271, et seq.). The purpose of this Act is to preserve selected rivers or sections of rivers in their free-flowing condition, to protect the water quality of such rivers and to fulfill other vital national conservation goals. Federal assistance by loan, grant, license or other mechanism can not be provided to water resources construction projects that would have a direct and adverse effect on any river included or designated for study or inclusion in the National Wild and Scenic River System.

Executive Order 12898, Environmental Justice: This project is in compliance with 24 CFR Part 1 B, C and D and is not located in a special flood hazard area. It has been determined that this project will not have a disproportionately high and adverse human health or environmental effect on minority and or low-income populations. This project will not exclude participation in or deny benefits to people because of their race, color or national origin.

### **FINANCIAL MANAGEMENT**

The local government will comply with the applicable requirements of:

- OMB Circular A-87, "Cost Principles for State and Local Governments," as specified by the Department of Commerce;
- HUD "Administrative Requirements for Grant and Operative Agreements to State, Local, and Federally-Recognized Indian Tribal Governments," (24 CFR, Part 85), or any equivalent procedures and requirements that the Montana Department of

Commerce may prescribe. The HUD Administrative Requirements are the basis for a number of specific requirements on the financial management and record keeping of CDBG funds. The requirements apply to cash depositories, bonding and insurance, record keeping, program income, property management, procurement, closeout, audit, and other requirements; and

- The Single Audit Act of 1984, as amended by the Single Audit Act of 1996 (the "Single Audit Act Amendments"), which establishes criteria for determining the scope and content of the audits and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," revised June 24, 1997. (OMB Circular A-133 supersedes OMB Circular A-128, "Audits of State and Local Governments," which has been rescinded.)

The local government will promptly refund to the Montana Department of Commerce any CDBG funds determined by an audit to have been spent in an unauthorized or improper manner or for ineligible activities.

The local government will give the Montana Department of Commerce, the Montana Legislative Auditor, HUD, and the Comptroller General, through any authorized representatives, access to and the right to examine all records, books, papers, or documents related to the grant.

### **LABOR STANDARDS**

The local government will comply with:

- Section 110 of the Housing and Community Development Act of 1975, as amended, 24 CFR 570.605, and State regulations regarding the administration and enforcement of labor standards. Section 110 requires that all laborers and mechanics employed by contractors or subcontractors on construction work assisted under the Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276-1- 276a-5). By reason of the foregoing requirement the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.) also applies. However, these requirements apply to rehabilitation of residential property only if such property is designed for residential use for eight or more families;
- Davis-Bacon Act, as amended (40 U.S.C. et seq.), Section 2; June 13, 1934, as amended (48 Stat. 948.40 U.S.C. 276(c)), popularly known as the Copeland Anti-Kickback Act. The Act mandates that all laborers and mechanics be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account except "permissible" salary deductions, the full amounts due at the time of payments, computed at wage rates not less than those contained in the wage determination issued by the U.S. Department of Labor. Weekly compliance statements and payrolls are required to be submitted to the

federally-funded recipient by the contractor;

- Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.). According to the Act, no contract work may involve or require laborers or mechanics to work in excess of eight hours in a calendar day, or in excess of 40 hours in a work week, unless compensation of not less than one and one-half times the basic rate is paid for the overtime hours. If this Act is violated, the contractor or subcontractor is liable to any affected employee for unpaid damages as well as to the United States for liquidated damages; and
- Federal Fair Labor Standards Act, (29 U.S.C.S. 201 et seq.). The act requires that covered employees be paid at least the minimum prescribed wage, and also that they be paid one and one-half times their basic wage rate for all hours worked in excess of the prescribed workweek.

### **LEGAL AUTHORITY**

The local government possesses legal authority to apply for the grant and to execute the proposed project under Montana law and, if selected to receive a Community Development Block Grant, will make all efforts necessary to assure timely and effective implementation of the project activities described in the attached application.

### **LOBBYING**

The local government certifies that:

- No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influencing an officer or employee or any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all



sub-recipients shall certify and disclose accordingly.

- This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

### **POLITICAL ACTIVITY**

The local government will comply with the Hatch Act (5 U.S.C. 1501, et seq.; 5 CFR Part 151) which restricts the political activity of individuals principally employed by a state or local agency in connection with a program financed in whole or in part by federal loans or grants. An affected employee may not be a candidate for public office in a partisan election.

### **AUTHORIZATION TO SUBMIT APPLICATION**

The local government governing body has duly adopted or passed as an official act a resolution, motion or similar action authorizing the submission of the application, including all understandings and assurances contained herein, and directing and authorizing the signatory to act in connection with the application and to provide such additional information as may be required.

\_\_\_\_\_  
Signature, Chief Elected Official  
(or Executive Officer)

\_\_\_\_\_  
Name (typed or printed)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date



## APPENDIX D

### STATE OBJECTIVES FOR THE MONTANA DEPARTMENT OF COMMERCE BUSINESS RESOURCES DIVISION COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

The State of Montana will focus on the following objectives:

- Invest in the workforce
- Encourage and support entrepreneurship and business innovation
- Build and maintain local infrastructure and capacity; and
- Strengthen the state's fiscal capability to assist in these areas

The CDBG economic development program is one of several MDOC finance and technical assistance programs that are participating in meeting these needs based on the Program's following four economic development objectives. Please choose one or more of the following objectives that apply to your project:

#### **Economic Development**

- \_\_\_ 1. Encourage viable economic development projects that promote investment of private capital, expansion of local tax bases, and creation of permanent year-round jobs principally for low and moderate income Montanans.
- \_\_\_ 2. Encourage economic activity, which adds value to a product through manufacturing, refining, processing, or packaging, especially those activities that involve Montana's natural resources.
- \_\_\_ 3. Encourage economic activity which creates new wealth in Montana by selling the majority of its products outside of Montana, by effectively substituting goods previously produced outside of Montana with goods produced in Montana, or by distributing Montana-made goods.
- \_\_\_ 4. Encourage service companies such as consulting, engineering, or other companies that sell their services predominantly (greater than 50%) outside of Montana.

**REQUIRED NARRATIVE:**

**Please provide a description of how the proposed project will meet the selected goals (use additional sheets of paper if necessary):**

## APPENDIX E

### FULL ENVIRONMENTAL CHECKLIST FOR CDBG ECONOMIC DEVELOPMENT APPLICATIONS

All CDBG projects are subject to the National Environmental Policy Act and the Montana Environmental Policy Act. Both laws seek to avoid adverse impacts on the environment by mandating careful consideration of the potential impacts on any development assisted with federal funds or approved by a state agency. In addition, CDBG projects are subject to numerous other state and federal environmental laws. Applicants are encouraged to be sensitive to potential environmental impacts while their CDBG projects are first being planned in order to avoid problems, which could create delays, add to construction costs, or even prevent a project from being implemented. The following environmental checklist has been created for applicants to help them avoid or mitigate potential environmental impacts.

#### **Instructions for Completing the Environmental Checklist For Montana Economic Development Projects**

The CDBG Certifications for Application form contains a listing of the major federal environmental statutes and regulations, which will apply to all CDBG funded projects. Local officials who have any concerns or questions regarding the potential environmental impacts of their proposed CDBG project or the environmental requirements should contact MDOC for guidance in advance of submitting their application for CDBG funds.

The Environmental Checklist form includes a listing of subject areas relating to potential impacts on the physical or human environment. Applicants must evaluate the potential impact of their project as it relates to each subject area. This may involve an analysis of the impact on a subject area from the proposed project, or conversely, the potential impact on the project from a subject area. For example, a proposed building renovation project may have an effect on certain historic structures, or the existence of a floodplain could have an effect on the location of a proposed, new production facility.

Five potential impacts are listed on the form:

1. **N** - No Impact Anticipated/Not Applicable to This Project;
2. **B** - Potentially Beneficial Impact;
3. **A** - Potentially Adverse Impact;
4. **P** - Agency Approval or Permits Required; and
5. **M** - Mitigation Actions Required.

A space is provided next to each subject area that is to be filled in using at least one of the letters found in the key at the top of each page. The key represents the five alternatives listed above. In some cases, it may be appropriate for the applicant to indicate more than a single alternative. For example, if a potentially adverse impact has been identified, an agency approval or permit may also be required. If impacts on a subject area are

anticipated, the applicant must describe the situation in the "comments" section of this form. Applicants must identify the sources which were consulted to assess the potential impact on or from the project for each subject area. Sources can include studies, plans, documents or the persons, organizations, or agencies contacted. This documentation must be included in the applicant's files. MDOC staff will review the applicant's environmental file during a site visit.

**Where a potentially adverse impact is projected, the applicant must provide:**

1. a description and analysis of any reasonable alternatives and a justification for the selected alternative; and
2. a listing and evaluation of appropriate short and long-term measures to mitigate the potentially adverse impact.

In most cases, applicants will be able to simply provide a brief response to the categories listed. Environmental information and assistance in preparing the environmental checklist can be obtained from a wide variety of sources. Possible sources of information include local comprehensive plans, preliminary engineering studies, state or federal reports or environmental analyses, knowledgeable individuals in the community, local agencies such as the planning or environmental health office, historical society, conservation district, state agencies (such as the Montana Departments of Fish, Wildlife and Parks or Department of Environmental Quality), and federal agencies such as local offices of the U.S.D.A. Natural Resource & Conservation Service. Should the applicant have questions regarding what agency to contact for additional information pertaining to a particular subject area, they may call the Montana Environmental Quality Council for assistance at (406) 444-3742.

→ Additional information can be obtained through HUD's "Environmental Review Procedures and Regulations for Entities assuming HUD Environmental Responsibilities" training. For more information on environmental training, please contact CDBG staff.

For infrastructure or construction projects, a professional licensed engineer must complete the full environmental checklist.



**FULL ENVIRONMENTAL CHECKLIST  
FOR CDBG ECONOMIC DEVELOPMENT APPLICATIONS**

**Applicant:**

**Local Government:**

**Environmental Checklist Prepared By:** (Name and Title)

(Address)

**Telephone Number:**

**Fax Number:**

**Key Letter:** **N** - No Impact/Not Applicable; **B** - Potentially Beneficial; **A** - Potentially Adverse; **P**- Approval/Permits Required; **M**- Mitigation Required

**PHYSICAL ENVIRONMENT**

**Key**

**1. Soil Suitability, Topographic and/or Geologic Constraints (e.g., soil lump, steep slopes, subsidence, seismic activity)**

*Comments and Source of Information:*

Potential sources for information:  
Natural Resource Conservation Service  
<http://nris.state.mt.us/nrcs/soils/>  
Montana Bureau of Mines and Geology  
<http://www.mbm.mtech.edu/>  
United States Geologic Survey  
<http://www.usgs.gov/hazards>

<p>Key</p> <hr/>	<p><b>2. Hazardous Facilities (e.g., power lines, toxic chemicals and gases, hazardous materials, contamination, radioactive substances, acceptable distance from explosive and flammable operations and hazards including chemical/petrochemical storage tanks, underground fuel storage tanks, and related facilities such as natural gas storage facilities and propane storage tanks,)</b></p> <ul style="list-style-type: none"> <li>• 24 CFR Part 58.5(i)(2)(i) regulation</li> <li>• 24 CFR Part 51B regulations</li> </ul> <p><i>Comments and Source of Information:</i></p> <p>Potential sources for information:  Montana Department of Environmental Quality  Hazardous Waste Program  <a href="http://www.deq.state.mt.us/HazWaste/index.asp">http://www.deq.state.mt.us/HazWaste/index.asp</a>  Montana Department of Environmental Quality  Underground Tank Program  <a href="http://www.deq.state.mt.us/UST/USTDownloads.asp">http://www.deq.state.mt.us/UST/USTDownloads.asp</a>  Montana Department of Environmental Quality Interactive Maps  <a href="http://www.deq.mt.gov/rem/InteractiveMaps.asp">http://www.deq.mt.gov/rem/InteractiveMaps.asp</a>  Environmental Protection Agency EnviroFacts  <a href="http://www.epa.gov/enviro/index.html">http://www.epa.gov/enviro/index.html</a>  Local Power Company</p>
<p>Key</p> <hr/>	<p><b>3. Effects of Project on Surrounding Air Quality or Any Kind of Effects of Existing Air Quality on Project (e.g., dust, odors, emissions)</b></p> <ul style="list-style-type: none"> <li>• Clean Air Act of 1970</li> <li>• 40 CFR Parts 6, 51, &amp; 93 regulations</li> </ul> <p><i>Comments and Source of Information:</i></p> <p>Potential sources for information:  Montana Department of Environmental Quality  Air Resources Management Bureau  <a href="http://www.deq.state.mt.us/pcd/arm/index.asp">http://www.deq.state.mt.us/pcd/arm/index.asp</a>  Environmental Protection Agency EnviroFacts  <a href="http://www.epa.gov/enviro/index.html">http://www.epa.gov/enviro/index.html</a>  County Health Department</p>

<p><b>Key</b></p> <hr/>	<p><b>4. Ground Water Resources and Aquifers (e.g., quantity, quality, distribution, depth to ground water, sole source aquifers)</b></p> <ul style="list-style-type: none"> <li>• <i>Safe Drinking Water Act of 1974</i></li> <li>• <i>40 CFR Part 149 regulations</i></li> </ul> <p><i>Comments and Source of Information:</i></p> <p>Potential sources for information:  Montana Bureau of Mines and Geology  Ground Water Assessment Program  <a href="http://www.mbmq.mtech.edu/grwassessment.htm">http://www.mbmq.mtech.edu/grwassessment.htm</a>  Montana Department of Environmental Quality  Water Quality Information  <a href="http://www.deq.mt.gov/wqinfo">http://www.deq.mt.gov/wqinfo</a></p>
<p><b>Key</b></p> <hr/>	<p><b>5. Surface Water, Water Quality, Quantity and Distribution (e.g., streams, lakes, storm runoff, irrigation systems, canals, Wild and Scenic Rivers listing)</b></p> <ul style="list-style-type: none"> <li>• <i>Wild and Scenic Rivers Act of 1968</i></li> </ul> <p><i>Comments and Source of Information:</i></p> <p>Potential sources for information:  Natural Resource Information System  <a href="http://nris.state.mt.us/wis/data/surfacewater.htm">http://nris.state.mt.us/wis/data/surfacewater.htm</a>  U.S. Geological Survey  Water Resources  <a href="http://mt.water.usgs.gov/">http://mt.water.usgs.gov/</a>  Montana Department of Environmental Quality  Water Quality Information  <a href="http://www.deq.mt.gov/wqinfo">http://www.deq.mt.gov/wqinfo</a>  National Wild and Scenic Rivers System  <a href="http://www.rivers.gov/wildriverslist.html#mt">http://www.rivers.gov/wildriverslist.html#mt</a></p>
<p><b>Key</b></p> <hr/>	<p><b>6. Floodplains and Floodplain Management</b></p> <ul style="list-style-type: none"> <li>• <i>Executive Order 11988</i></li> <li>• <i>24 CFR Part 55 regulations</i></li> </ul> <p><i>Comments and Source of Information:</i></p> <p>Potential sources for information:  Montana Department of Natural Resources and Conservation  Floodplain Management  <a href="http://www.dnrc.mt.gov">http://www.dnrc.mt.gov</a>  U.S. Geological Survey  Water Resources  <a href="http://mt.water.usgs.gov/">http://mt.water.usgs.gov/</a>  Federal Emergency Management Agency  <a href="http://www.msc.fema.gov/">http://www.msc.fema.gov/</a></p>

<p><b>Key</b></p> <hr/>	<p><b>7. Wetlands Protection</b></p> <ul style="list-style-type: none"> <li>• <i>Executive Order 11990</i></li> </ul> <p><i>Comments and Source of Information:</i></p> <p>Potential sources for information:  Natural Resource Information System  <a href="http://nris.state.mt.us/wis/wetlands/">http://nris.state.mt.us/wis/wetlands/</a>  Montana Department of Environmental Quality  <a href="http://www.deq.state.mt.us/wqinfo/Wetlands/Index.asp">http://www.deq.state.mt.us/wqinfo/Wetlands/Index.asp</a>  U.S. Fish and Wildlife Service  <a href="http://www.fws.gov/nwi">http://www.fws.gov/nwi</a>  Environmental Protection Agency  <a href="http://www.epa.gov/owow/wetlands">http://www.epa.gov/owow/wetlands</a></p>
<p><b>Key</b></p> <hr/>	<p><b>8. Agricultural Lands, Production, and Farm Land Protection (e.g., grazing, forestry, cropland, prime or unique agricultural lands)</b></p> <ul style="list-style-type: none"> <li>• <i>Farmland Protection Policy Act of 1981</i></li> <li>• <i>7 CFR Part 658 regulations</i></li> </ul> <p><i>Comments and Source of Information:</i></p> <p>Potential sources for information:  Montana Department of Agriculture  <a href="http://agr.mt.gov">http://agr.mt.gov</a>  Montana Agricultural Statistics Service  <a href="http://www.nass.usda.gov/mt/">http://www.nass.usda.gov/mt/</a></p>
<p><b>Key</b></p> <hr/>	<p><b>9. Vegetation and Wildlife Species and Habitats, Including Fish (e.g., terrestrial, avian and aquatic life and habitats)</b></p> <p><i>Comments and Source of Information:</i></p> <p>Potential sources for information:  Montana Natural Heritage Program  <a href="http://nhp.nris.state.mt.us/">http://nhp.nris.state.mt.us/</a></p>
<p><b>Key</b></p> <hr/>	<p><b>10. Unique, Endangered, Fragile, or Limited Environmental Resources, Including Endangered Species (e.g., plants, fish, or wildlife)</b></p> <ul style="list-style-type: none"> <li>• <i>Endangered Species Act of 1973</i></li> </ul> <p><i>Comments and Source of Information:</i></p> <p>Potential sources for information:  Montana Natural Heritage Program  <a href="http://nhp.nris.state.mt.us/">http://nhp.nris.state.mt.us/</a></p>



Key	<b>11. Unique Natural Features (e.g., geologic features)</b> <i>Comments and Source of Information:</i>  Potential sources for information: Montana Natural Heritage Program <a href="http://nhp.nris.state.mt.us/">http://nhp.nris.state.mt.us/</a> Montana Bureau of Mines and Geology <a href="http://www.mbmq.mtech.edu">http://www.mbmq.mtech.edu</a>
Key	<b>12. Access to, and Quality of, Recreational and Wilderness Activities, Public Lands and Waterways, and Public Open Space</b> <i>Comments and Source of Information:</i>  Potential sources for information: Discovering Montana <a href="http://www.discoveringmontana.com/tourism/recreation.asp">http://www.discoveringmontana.com/tourism/recreation.asp</a> Montana Fish, Wildlife and Parks <a href="http://fwp.state.mt.us/parks">http://fwp.state.mt.us/parks</a> U.S. Government Recreation Site <a href="http://www.recreation.gov/">http://www.recreation.gov/</a>
<b>HUMAN POPULATION</b>	
Key	<b>1. Visual Quality - Coherence, Diversity, Compatibility of Use and Scale, Aesthetics</b> <i>Comments and Source of Information:</i>  Potential sources for information: Local Planning Department
Key	<b>2. Nuisances (e.g., glare, fumes)</b> <i>Comments and Source of Information:</i>  Potential sources for information: Local Planning Department County Health Department
Key	<b>3. Noise Abatement and Control - suitable separation between housing and other noise sensitive activities and major noise sources (aircraft, highways and railroads.)</b> <ul style="list-style-type: none"> <li>• 24 CFR Part 51B regulations</li> </ul> <i>Comments and Source of Information:</i>  Potential sources for information: Local Planning Department

<p><b>Key</b></p> <hr/>	<p><b>4. Historic Properties, Cultural, and Archeological Resources</b></p> <ul style="list-style-type: none"> <li>• 36 CFR Part 800 regulations</li> <li>• National Historic Preservation Act of 1966</li> <li>• Executive Order 11593, Protection and Enhancement of the Cultural Environment</li> </ul> <p><i>Comments and Source of Information:</i></p> <p>Potential sources for information:  Montana Historic Preservation Office  <a href="http://www.his.state.mt.us/shpo/default.asp">http://www.his.state.mt.us/shpo/default.asp</a></p>
<p><b>Key</b></p> <hr/>	<p><b>5. Changes in Demographic (Population) Characteristics (e.g., quantity, distribution, density)</b></p> <p><i>Comments and Source of Information:</i></p> <p>Potential sources for information:  Montana Department of Commerce  Census and Economic Information Center  <a href="http://ceic.commerce.state.mt.us/">http://ceic.commerce.state.mt.us/</a></p>
<p><b>Key</b></p> <hr/>	<p><b>6. General Housing Conditions - Quality, Quantity, Affordability</b></p> <p><i>Comments and Source of Information:</i></p> <p>Potential sources for information:  Montana Department of Commerce  Housing Division  <a href="http://www.commerce.state.mt.us/Housing/">http://www.commerce.state.mt.us/Housing/</a>  Montana Association of Realtors  <a href="http://montanarealtors.org">http://montanarealtors.org</a></p>
<p><b>Key</b></p> <hr/>	<p><b>7. Displacement or Relocation of Businesses or Residents</b></p> <p><i>Comments and Source of Information:</i></p> <p>Potential sources for information:  Montana Department of Commerce  Census and Economic Information Center  <a href="http://ceic.commerce.state.mt.us/">http://ceic.commerce.state.mt.us/</a>  Local Chamber of Commerce</p>
<p><b>Key</b></p> <hr/>	<p><b>8. Public Health and Safety</b></p> <p><i>Comments and Source of Information:</i></p> <p>Potential sources for information:  County Health Department</p>

<p><b>Key</b></p> <hr/>	<p><b>9. Local Employment and Income Patterns - Quantity and Distribution of Employment, Economic Impact</b>  <i>Comments and Source of Information:</i></p> <p>Potential sources for information:  Montana Department of Labor and Industry  Research and Analysis Bureau  <a href="http://www.ourfactsyourfuture.org/">http://www.ourfactsyourfuture.org/</a>  Montana Department of Commerce  Census and Economic Information Center  <a href="http://ceic.commerce.state.mt.us/">http://ceic.commerce.state.mt.us/</a></p>
<p><b>Key</b></p> <hr/>	<p><b>10. Local and State Tax Base and Revenues</b>  <i>Comments and Source of Information:</i></p> <p>Potential sources for information:  Montana Department of Revenue  <a href="http://www.discoveringmontana.com/revenue/sitemap.asp">http://www.discoveringmontana.com/revenue/sitemap.asp</a></p>
<p><b>Key</b></p> <hr/>	<p><b>11. Educational Facilities - Schools, Colleges, Universities</b>  <i>Comments and Source of Information:</i></p> <p>Potential sources for information:  Montana Office of Public Instruction  <a href="http://www.opi.state.mt.us/">http://www.opi.state.mt.us/</a>  University of Montana Campuses  <a href="http://mus.montana.edu/campuses.htm">http://mus.montana.edu/campuses.htm</a></p>
<p><b>Key</b></p> <hr/>	<p><b>12. Commercial and Industrial Facilities - Production and Activity, Growth or Decline</b>  <i>Comments and Source of Information:</i></p> <p>Potential sources for information:  Montana Department of Commerce  Census and Economic Information Center  <a href="http://ceic.commerce.state.mt.us/">http://ceic.commerce.state.mt.us/</a>  Local Chamber of Commerce</p>
<p><b>Key</b></p> <hr/>	<p><b>13. Health Care - Medical Services</b>  <i>Comments and Source of Information:</i></p> <p>Potential sources for information:  Montana Department of Public Health and Human Services  <a href="http://www.dphhs.mt.gov/index.shtml">http://www.dphhs.mt.gov/index.shtml</a>  County Health Department</p>

<b>Key</b> <hr/>	<b>14. Social Services - Governmental Services (e.g., demand on)</b> <i>Comments and Source of Information:</i>  Potential sources for information: Montana Department of Public Health and Human Services <a href="http://www.dphhs.mt.gov/index.shtml">http://www.dphhs.mt.gov/index.shtml</a> County Health Department
<b>Key</b> <hr/>	<b>15. Social Structures and Mores (Standards of Social Conduct/Social Conventions)</b> <i>Comments and Source of Information:</i>  Potential sources for information: Montana Department of Commerce Census and Economic Information Center <a href="http://ceic.commerce.state.mt.us/">http://ceic.commerce.state.mt.us/</a>
<b>Key</b> <hr/>	<b>16. Land Use Compatibility (e.g., growth, land use change, development activity)</b> <i>Comments and Source of Information:</i>  Potential sources for information: Local Planning Department
<b>Key</b> <hr/>	<b>17. Energy Resources - Consumption and Conservation</b> <i>Comments and Source of Information:</i>  Potential sources for information: Montana Department of Environmental Quality Energize Montana <a href="http://www.deq.state.mt.us/Energy/index.asp">http://www.deq.state.mt.us/Energy/index.asp</a> Local Power Company
<b>Key</b> <hr/>	<b>18. Solid Waste Management</b> <i>Comments and Source of Information:</i>  Potential sources for information: Montana Department of Environmental Quality Solid Waste Program <a href="http://www.deq.state.mt.us/SolidWaste/index.asp">http://www.deq.state.mt.us/SolidWaste/index.asp</a> County Health Department Local Public Works Department



<b>Key</b> <hr/>	<b>19. Wastewater Treatment - Sewage System</b> <i>Comments and Source of Information:</i>  Potential sources for information: Montana Department of Environmental Quality Public Water Supply Program <a href="http://www.deq.state.mt.us/wqinfo/pws/index.asp">http://www.deq.state.mt.us/wqinfo/pws/index.asp</a> County Health Department Local Public Works Department
<b>Key</b> <hr/>	<b>20. Storm Water - Surface Drainage</b> <i>Comments and Source of Information:</i>  Potential sources for information: Montana Department of Environmental Quality Wastewater Discharge Program <a href="http://www.deq.state.mt.us/wqinfo/MPDES/StormwaterConstruction.asp">http://www.deq.state.mt.us/wqinfo/MPDES/StormwaterConstruction.asp</a> Local Public Works Department
<b>Key</b> <hr/>	<b>21. Community Water Supply</b> <i>Comments and Source of Information:</i>  Potential sources for information: Montana Department of Environmental Quality Public Water Supply Program <a href="http://www.deq.state.mt.us/wqinfo/pws/index.asp">http://www.deq.state.mt.us/wqinfo/pws/index.asp</a> County Health Department Local Public Works Department
<b>Key</b> <hr/>	<b>22. Public Safety - Police</b> <i>Comments and Source of Information:</i>  Potential sources for information: Local Police Department
<b>Key</b> <hr/>	<b>23. Fire Protection - Hazards</b> <i>Comments and Source of Information:</i>  Potential sources for information: Local Fire Department Montana Department of Justice State Fire Marshall <a href="http://doj.mt.gov/enforcement/fireprevention.asp">http://doj.mt.gov/enforcement/fireprevention.asp</a>

<b>Key</b> <hr/>	<b>24. Emergency Medical Services</b> <i>Comments and Source of Information:</i>  Potential sources for information:  County Health Department
<b>Key</b> <hr/>	<b>25. Parks, Playgrounds and Open Space</b> <i>Comments and Source of Information:</i>  Potential sources for information: Local Planning Department Local Parks and Recreation Department
<b>Key</b> <hr/>	<b>26. Cultural Facilities, Cultural Uniqueness, and Diversity</b> <i>Comments and Source of Information:</i>  Potential sources for information: Montana Department of Commerce Census and Economic Information Center <a href="http://ceic.commerce.state.mt.us/">http://ceic.commerce.state.mt.us/</a>
<b>Key</b> <hr/>	<b>27. Transportation Networks and Traffic Flow Conflicts (e.g., rail; auto including local traffic; airport runway clear zones, accident potential zones - avoidance of incompatible land use in airport runway clear zones)</b> <ul style="list-style-type: none"> <li>• 24 CFR Part 51B regulations</li> </ul> <i>Comments and Source of Information:</i>  Potential sources for information: Montana Department of Transportation <a href="http://www.mdt.mt.gov">http://www.mdt.mt.gov</a> Local Planning Department
<b>Key</b> <hr/>	<b>28. Consistency with Local Ordinances, Resolutions, or Plans (e.g., conformance with local comprehensive plans, zoning, or capital improvement plans)</b> <i>Comments and Source of Information:</i>  Potential sources for information: Local Planning Department
<b>Key</b> <hr/>	<b>29. Is There a Regulatory Action on Private Property Rights as a Result of this Project? (consider options that reduce, minimize, or eliminate the regulation of private property rights).</b>

<p><b>Key</b></p> <hr/>	<p><b>30. Environmental Justice</b></p> <ul style="list-style-type: none"> <li>• Executive Order 12898</li> </ul> <p><i>Comments and Source of Information:</i></p>
-------------------------	---





**APPENDIX E-A  
(Supplement)**

**ENVIRONMENTAL REVIEW  
SITE SPECIFIC CHECKLIST**

Site/Location: \_\_\_\_\_  
Program: \_\_\_\_\_ Program Year: \_\_\_\_\_  
Site Visit Date: \_\_\_\_\_

If any of the items below are checked "yes", further environmental investigation is necessary. If many of 1 through 8 are checked "yes", please contact the CDBG-ED Program or the Regional Development Officer for your area. This may not be an appropriate project for CDBG-ED funding.

	YES	NO
1. Structure is over 50 years old.	_____	_____
2. Site is within ¼ mile of a property on or eligible for the National Register of Historic Places.	_____	_____
3. Site is within, or partially within, 100-year flood plain (Panel No. _____ dated _____).	_____	_____
4. Noise determination – Site is within:		
a. 1000 feet of a 4-lane roadway	_____	_____
b. 3000 feet of a railroad	_____	_____
c. 65 Ldn for a commercial service airport	_____	_____
d. 65 Ldn for a military airfield	_____	_____
5. Are above ground storage of hazardous materials, such as liquid propane or gasoline storage tanks, visible from the site?	_____	_____
6. Is the project site located on or within 3,000 feet of a listed hazardous/toxic site? Contact EPA for this information.	_____	_____
7. Is site near the end of a runway at a civil airport or military field?	_____	_____

	YES	NO
8. Air Quality – Will project involve ground disturbance of 25 acres or last more than 6 months?	_____	_____
Will construction or demolition dust be produced?	_____	_____
Will project result in producing odor?	_____	_____
Does site involve asbestos?	_____	_____
9. Endangered Species/Wildlife Impact – Does location show signs of or potential benefit to wildlife or close to wildlife habitat (water, shelter and food?)	_____	_____
10. Farmlands Protection – Does project involve work on designated farmlands?	_____	_____
11. Will the proposed project have a disproportionately high and adverse human health or environmental impact on minority and low-income populations?	_____	_____
(If so, the Environmental Justice Clause EO 128980 is triggered.)		

Areas triggered that may need attention before any CDBG-ED funds can be spent:

---



---



---



---



---



---



---



---

\_\_\_\_\_ Funding for this specific site is released

\_\_\_\_\_ Funding for this specific site is not released

\_\_\_\_\_  
Signature (Local Government Official)

\_\_\_\_\_  
Date

APPENDIX F  
LOW AND MODERATE INCOME PERCENTAGES FOR  
CITIES, TOWNS AND COUNTIES (2000 Census)

COUNTYNAME	PLACENAME	POP100	LOWMODPCT
Beaverhead County		9202	43
Big Horn County		12671	54.5
Blaine County		7009	53.7
Broadwater County		4385	37.9
Carbon County		9552	37
Carter County		1360	47.3
Cascade County		23667	38.7
Chouteau County		5970	46.8
Custer County		11696	42.9
Daniels County		2017	42.5
Dawson County		9059	39.4
Deer Lodge County		9417	44.3
Fallon County		2837	43
Fergus County		11893	39.8
Flathead County		74471	38.7
Gallatin County		67831	38.7
Garfield County		1279	49.9
Glacier County		13247	53.7
Golden Valley County		1042	48.5
Granite County		2830	43.4
Hill County		16673	42.1
Jefferson County		10049	37.8
Judith Basin County		2329	44
Lake County		26507	47.7
Lewis and Clark County		55716	39.5
Liberty County		2158	43.4
Lincoln County		18837	47.7
McCone County		1977	41
Madison County		6851	41.6
Meagher County		1932	43.7
Mineral County		3884	47
Missoula County		38749	35.7
Musselshell County		4497	49.9
Park County		15694	39.3
Petroleum County		493	49.3
Phillips County		4601	43.8
Pondera County		6424	45.7
Powder River County		1858	44.1
Powell County		7180	41.9
Prairie County		1199	48.7
Ravalli County		36070	39.1
Richland County		9667	39.2
Roosevelt County		10620	57.5
Rosebud County		9383	44.4
Sanders County		10227	48.9
Sheridan County		4105	43.3
Silver Bow County		34606	40.8
Stillwater County		8195	37.9
Sweet Grass County		3609	38.5
Teton County		6445	42.5
Toole County		5267	40.3
Treasure County		861	41.5
Valley County		7675	39.1
Wheatland County		2259	50
Wibaux County		1068	43.8
Yellowstone County		39505	37.8

COUNTYNAME	PLACENAME	POP100	LOWMODPCT
	Absarokee CDP	1234	28.2
	Agency CDP	324	52.2
	Alberton town	374	56
	Alder CDP	116	46
	Amsterdam-Churchill CDP	727	37.2
	Anaconda-Deer Lodge Coun	9417	44.3
	Antelope CDP	43	71.4
	Arlee CDP	602	65.9
	Ashland CDP	464	68.6
	Augusta CDP	284	69.1
	Avon CDP	124	60.5
	Azure CDP	253	70.7
	Bainville town	153	48.8
	Baker city	1695	40.3
	Ballantine CDP	346	49.2
	Basin CDP	255	65.6
	Bearcreek town	83	31
	Beaver Creek CDP	291	13.4
	Belfry CDP	219	47.2
	Belgrade city	5728	43.6
	Belt city	633	57.3
	Big Arm CDP	131	46.4
	Bigfork CDP	1421	33.7
	Big Sandy town	703	44.2
	Big Sky CDP	1221	29.3
	Big Timber city	1650	39.4
	Bimey CDP	108	63.4
	Black Eagle CDP	914	51
	Boneau CDP	190	71
	Bonner-West Riverside CD	1693	47.2
	Boulder town	1300	55
	Box Elder CDP	794	75.4
	Bozeman city	27509	46.4
	Bridger town	745	46.7
	Broadus town	451	51.1
	Broadview town	150	55.4
	Brockton town	245	68.9
	Browning town	1065	61.3
	Busby CDP	695	57.3
	Butte-Silver Bow (balanc	33892	40.5
	Camp Three CDP	138	58
	Cardwell CDP	40	100
	Carter CDP	62	47.8
	Cascade town	819	45.2
	Charlo CDP	439	54.6
	Chester town	871	42.3
	Chinook city	1386	46.6
	Choteau city	1781	46.2
	Circle town	644	41.1
	Clancy CDP	1406	23.2
	Clinton CDP	549	60.9
	Clyde Park town	310	46.4
	Colstrip city	2346	20.8
	Columbia Falls city	3645	42.5
	Columbus town	1748	41.2
	Conrad city	2753	41.7
	Cooke City-Silver Gate C	140	53.4
	Coram CDP	337	59.9
	Corvallis CDP	443	59.2



COUNTYNAME	PLACENAME	POP100	LOWMODPCT
	Crow Agency CDP	1552	62.4
	Culbertson town	716	41.2
	Custer CDP	145	41.4
	Cut Bank city	3105	33.9
	Darby town	710	60.1
	Dayton CDP	95	28.3
	De Borgia CDP	69	63.6
	Deer Lodge city	3421	43
	Denton town	301	39.7
	Dillon city	3752	43.8
	Dixon CDP	216	68.4
	Dodson town	122	50.4
	Drummond town	318	42.6
	Dutton town	389	38.3
	East Glacier Park Villag	396	34.1
	East Helena town	1642	51.8
	East Missoula CDP	2070	51.8
	Ekalaka town	410	57.8
	Elliston CDP	225	28.9
	Elmo CDP	143	100
	Ennis town	840	41.8
	Eureka town	1017	50.2
	Evano CDP	329	48.8
	Evergreen CDP	6215	48.4
	Fairfield town	659	41.1
	Fairview town	709	54.1
	Fallon CDP	138	73.9
	Finley Point CDP	493	36
	Flaxville town	87	26.9
	Florence CDP	901	24.6
	Forsyth city	1944	37.5
	Fort Belknap Agency CDP	1262	60.4
	Fort Benton city	1594	41
	Fortine CDP	169	45.6
	Fort Peck town	240	15.5
	Fort Shaw CDP	274	33.6
	Fort Smith CDP	122	65.1
	Four Corners CDP	1828	38.8
	Fox Lake CDP	157	40.1
	Frazer CDP	452	76.4
	Frenchtown CDP	883	27.1
	Froid town	195	43.7
	Fromberg town	486	50.2
	Gardiner CDP	851	35
	Garrison CDP	112	39.3
	Geraldine town	284	38.8
	Gildford CDP	185	28.8
	Glasgow city	3253	36.6
	Glendive city	4729	37.3
	Grass Range town	149	54.2
	Greycliff CDP	56	42.3
	Hamilton city	3705	52.8
	Hardin city	3384	49.3
	Harlem city	848	48.8
	Harlowton city	1062	48.7
	Harrison CDP	162	38.6
	Havre city	9621	40.7
	Havre North CDP	973	63.2

COUNTYNAME	PLACENAME	POP100	LOWMODPCT
	Hays CDP	702	74.4
	Heart Butte CDP	698	72.8
	Helena city	25780	40.1
	Helena Valley Northeast	2122	24.4
	Helena Valley Northwest	2082	32.4
	Helena Valley Southeast	7141	43.2
	Helena Valley West Centr	6983	36.4
	Helena West Side CDP	1711	43.6
	Heron CDP	149	45.5
	Herron CDP	100	48.5
	Highwood CDP	189	32.2
	Hingham town	157	32.4
	Hobson city	244	45.5
	Hot Springs town	531	77.9
	Hungry Horse CDP	934	59
	Huntley CDP	411	46.1
	Hysham town	330	33
	Inverness CDP	103	49
	Ismay town	26	39.1
	Jefferson City CDP	295	27.2
	Jette CDP	267	31.5
	Joliet town	575	43.2
	Joplin CDP	210	27.7
	Jordan town	364	44.8
	Judith Gap city	164	80.3
	Kalispell city	14223	44.3
	Kerr CDP	17	0
	Kevin town	178	54.3
	Kicking Horse CDP	80	45.6
	Kings Point CDP	169	48.1
	Klein CDP	188	34.2
	Knife River CDP	297	45.3
	Kremlin CDP	126	32.4
	Lakeside CDP	1679	39
	Lame Deer CDP	2018	72.1
	Laurel city	6255	48
	Lavina town	209	56
	Lewistown city	5813	40.1
	Lewistown Heights CDP	365	42.7
	Libby city	2626	55.9
	Lima town	242	60.7
	Lincoln CDP	1100	56.3
	Livingston city	6851	41.1
	Lockwood CDP	4306	45.2
	Lodge Grass town	510	58.7
	Lodge Pole CDP	214	67.1
	Lolo CDP	3388	30.5
	Loma CDP	92	50
	Lonepine CDP	137	46.8
	Malmstrom AFB CDP	4544	46.4
	Malta city	2120	35.7
	Manhattan town	1396	41.2
	Martin City CDP	331	52.9
	Medicine Lake town	269	39.2
	Melstone town	136	39.6
	Miles City city	8487	41.8
	Montana City CDP	2094	16.4
	Moore town	186	44.9

COUNTYNAME	PLACENAME	POP100	LOWMODPCT
	Muddy CDP	627	88.6
	Musselshell CDP	60	66.2
	Nashua town	325	42.6
	Neihart town	91	60.2
	Niarada CDP	50	52.4
	North Browning CDP	2200	63
	Noxon CDP	230	36.6
	Old Agency CDP	95	73
	Opheim town	111	41
	Orchard Homes CDP	5199	38.1
	Outlook town	82	39.1
	Ovando CDP	71	44.7
	Pablo CDP	1814	60.7
	Paradise CDP	184	69.9
	Park City CDP	870	41.7
	Parker School CDP	352	49.8
	Philipsburg town	914	49.2
	Pinesdale town	742	76.2
	Plains town	1126	48.9
	Plentywood city	2061	43.5
	Plevna town	138	43.8
	Polson city	4041	56.1
	Poplar city	911	56.5
	Power CDP	171	33.9
	Pryor CDP	628	67.5
	Radersburg CDP	70	42.9
	Ravalli CDP	119	48
	Red Lodge city	2177	36.3
	Reed Point CDP	185	66.5
	Reserve CDP	37	42.4
	Rexford town	151	65.7
	Richey town	189	45.6
	Riverbend CDP	442	45.3
	Rocky Point CDP	107	17
	Rollins CDP	183	41
	Ronan city	1812	55.8
	Roundup city	1931	55.8
	Rudyard CDP	275	43
	Ryegate town	268	46.9
	Saco town	224	57.2
	Saddle Butte CDP	138	0
	St. Ignatius town	788	51.4
	St. Marie CDP	183	26.6
	St. Pierre CDP	289	55.6
	St. Regis CDP	315	60.2
	St. Xavier CDP	67	52
	Sangrey CDP	263	80.1
	Scobey city	1082	42.6
	Seeley Lake CDP	1436	40.9
	Shelby city	3216	39.2
	Shepherd CDP	193	42.4
	Sheridan town	659	60.4
	Sidney city	4774	38.5
	Simms CDP	373	53.4
	Somers CDP	556	45.2
	South Browning CDP	1677	76.3
	Stanford town	454	48.5
	Starr School CDP	248	64.2

COUNTYNAME	PLACENAME	POP100	LOWMODPCT
	Stevensville town	1553	48.2
	Sunburst town	415	25.1
	Sun Prairie CDP	1772	35.4
	Sun River CDP	131	55.1
	Superior town	893	49.8
	Terry town	611	46.3
	Thompson Falls city	1321	54.2
	Three Forks city	1728	48.1
	Toston CDP	105	70.6
	Townsend city	1867	47.9
	Trout Creek CDP	261	50.2
	Troy city	957	61.9
	Turtle Lake CDP	194	60.3
	Twin Bridges town	400	51.1
	Ulm CDP	750	34.3
	Valier town	498	45.4
	Vaughn CDP	701	41.4
	Victor CDP	859	32.6
	Virginia City town	130	30.5
	Walkerville town	714	53.8
	Westby town	172	33.5
	West Glendive CDP	1833	38.1
	West Havre CDP	284	6.9
	West Yellowstone town	1177	49.8
	Whitefish city	5032	39.7
	Whitehall town	1044	47.6
	White Sulphur Springs ci	984	43.2
	Wibaux town	567	42.1
	Willow Creek CDP	209	56.5
	Wilsall CDP	237	45
	Winifred town	156	41.3
	Winnett town	185	59.8
	Winston CDP	73	34.3
	Wisdom CDP	114	46.6
	Wolf Point city	2663	48.2
	Woods Bay CDP	748	43.6
	Worden CDP	506	56.6
	Wye CDP	381	31.4
	Wyola CDP	186	77.2



## APPENDIX G

### **CDBG TECHNICAL ASSISTANCE PUBLICATIONS For Economic Development Projects**

Program Income and Revolving Loan Fund Manual, MDOC, 2005 Edition

The Montana CDBG Program Grant Administration Manual

Guide to Eligible CDBG Activities, HUD

The Community Development Needs Assessment Process, MDOC

Documenting Benefit to Low and Moderate Income Persons, MDOC

Directory of Grant Writing Consultants and Grant Administrators, MDOC

#### **Consolidated Plan Documents Produced by the Department of Commerce:**

Montana's Five-Year Consolidated Plan

Informational Publication Directory, MDOC, In Support of the Consolidated Plan Beginning

Economic and Demographic Analysis of Montana

The Montana Assisted Living Study-Demand for Assisted Living

The State of Montana Consolidated Plan Performance Report

Montana Consolidated Plan Annual Action Plan

Housing and Homeless Resource Directory and Listing of Service Providers in Montana

Analysis of Impediments to Fair Housing

Montana Housing Conditions Study



## APPENDIX H

### SAMPLE RESOLUTION TO AUTHORIZE APPLICATION

WHEREAS, the (City/Town/County) is applying to the Montana Department of Commerce for a Community Development Block Grant – Economic Development Program grant to (describe purpose of project);

WHEREAS, the (Name of applicant or/and the Sub-recipient) has the legal jurisdiction and authority to make a loan to (the assisted business);

That the (City/Town/County) agrees to conform with the regulations, statutes, terms and conditions described in the CDBG Certifications for Application, and

That (name of Chief Elected Official, or Chief Executive Officer), (title), is authorized to submit this application to the Montana Department of Commerce, on behalf of (City/Town/County), to act on behalf of (name of City, Town or County) and to provide such additional information as may be required.

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Attested: \_\_\_\_\_

## SAMPLE RESOLUTION TO AUTHORIZE MULTI-JURISDICTIONAL APPLICATION

*(Note: Each participating jurisdiction must submit its own resolution)*

WHEREAS, the (Applicant City/Town/County) is applying to the Montana Department of Commerce for a Community Development Block Grant – Economic Development Program grant for a multi-jurisdictional grant to (briefly describe purpose of project);

WHEREAS, the (Name of Participating Jurisdiction), as one of participating jurisdictions, has the legal jurisdiction and authority to authorize (Name of Applicant) to apply for the grant on its behalf;

WHEREAS, the (Name of Participating Jurisdiction), as one of the participating jurisdictions, has authorized the (Name of Applicant) to apply for the grant on its behalf;

WHEREAS, the (Name of Applicant) has the legal jurisdiction and authority to construct, finance, operate, and maintain (the proposed project);

That the (Name of Participating Jurisdiction) agrees to conform with the regulations, statutes, terms and conditions described in the CDBG Certifications for Application, and

That (name of Chief Elected Official or Chief Executive Officer of the Participating Jurisdiction), (title), is authorized to act on behalf of (name of the Participating Jurisdiction).

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Attested: \_\_\_\_\_



## EXAMPLE

### RESOLUTION TO AUTHORIZE MULTI-JURISDICTIONAL APPLICATION

WHEREAS, Fergus County is applying to the Montana Department of Commerce for a Community Development Block Grant – Economic Development Program grant for a multi-jurisdictional grant to build capacity of the ABC Economic Development Area, Inc., through gap financing and technical assistance provided to expanding or start-up business within the counties of Petroleum, Judith Basin, Chouteau, Blaine and Phillips and the City of Sunrise;

WHEREAS, the City of Sunrise, as one of the participating jurisdictions, has the legal jurisdiction and authority to authorize Fergus County to apply for the grant on its behalf;

WHEREAS, the City of Sunrise, as one of the participating jurisdictions, has authorized the Fergus County to apply for the grant on its behalf;

WHEREAS, Fergus County has the legal jurisdiction and authority to request revolving loan funds which will finance the proposed revolving loan fund activities in the counties and the city represented by the ABC Economic Development Area, Inc.

That the City of Sunrise agrees to conform with the regulations, statutes, terms and conditions described in the CDBG Certifications for Application, and

That John Doe, Mayor, is authorized to act on behalf of the City of Sunrise.

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Attested: \_\_\_\_\_



## APPENDIX I

### **PUBLIC HEARING PROCEDURE EXAMPLE AND SAMPLE FORMATS FOR PUBLIC HEARINGS**

*These can be adapted for counties, cities or towns.*

---

#### **Public Hearing Procedure Example**

*(This is a general example of a public hearing procedure and may or may not include all events that occur during a public hearing)*

#### **Scheduling the public hearing:**

1. Secretary –
  - schedules public hearing,
  - announces date of public hearing through newspaper or other publication,
  - ensures that the public has adequate notice of hearing, such as publishing notice two weeks prior to date of actual hearing,
  - obtains affidavit of publication from publisher

#### **Date of public hearing:**

2. Chairman –
  - announces opening of hearing,
  - explains purpose of hearing,
  - announces that the hearing will be taped/recorded and that each respondent should clearly state his/her name
  - asks all attendants to sign attendance sheet
2. Secretary –
  - reads notice of hearing as published in local newspaper
  - takes minutes during hearing
3. Chairman –
  - orders notice placed in record
4. Secretary –
  - reads technical reports or comments pertaining to the subject or purpose of the hearing
5. Secretary –
  - reads any letters received regarding the subject
6. Chairman –
  - gives floor to those persons in attendance who wish to comment or ask questions – first to proponents of the issue, then to opponents of the issue.

7. Chairman –
  - moderates discussion arising from comments or questions from those in attendance – both proponents and opponents
8. Chairman –
  - announces when next scheduled meeting will be held
9. Chairman –
  - closes the hearing.

After the public hearing:

1. Secretary –
  - reviews tape of hearing and finalizes minutes
  - files copy of public hearing notice, affidavit of publication, attendance sheet, written minutes, and recorded tape



## SAMPLE

### NOTICE FOR FIRST PUBLIC HEARING

The (City Council, County Commissioners, or Planning Board) will hold a public hearing on (day), (date), (time), in the (building) at (place), for the purpose of obtaining public comments regarding the community development needs and priorities of the (name of local government) for economic development, housing and community revitalization, and public facilities, and particularly as those needs affect low and moderate income persons. The (City/Town/County) is considering submitting an application to the Montana Department of Commerce for a Community Development Block Grant – Economic Development Program (CDBG-ED) grant, and wants to obtain public comment on the needs of the community. The (City Council, County Commissioners, or Planning Board) will discuss the purpose of the CDBG-ED Program and the variety of activities eligible for funding. At the public hearing, everyone will be given the opportunity to express their opinions regarding the (City/Town/County)'s needs and the type of projects that should be considered. Comments may be given orally at the hearing or submitted in writing before (time and date).

Anyone who would like more information or who wants to submit suggestions should contact (person), (title), (telephone number). Portions of and/or a summary of the CDBG-ED Application are available for review at (location) during regular office hours.

(Name of City, Town or County) makes reasonable accommodation for any known disability that may interfere with a person's ability to participate in this public hearing. Persons needing an accommodation must notify (name of contact person) no later than (date) to allow adequate time to make needed arrangements. You can call (telephone number) or write to (address) to make your request known. (If local government has access to a Telecommunication Device for the Deaf, include TDD number here.)

## SAMPLE

### NOTICE FOR SECOND PUBLIC HEARING

The (City Council, County Commissioners, or Planning Board) will hold a public hearing on (day), (date), (time), in the (building) at (place) for the purpose of obtaining public comments on a proposed application for a (type of project) project located at (location), under the Montana Community Development Block Grant Program administered by the Montana Department of Commerce. At the public hearing, the proposed application will be explained, including the proposed area of the project, activities, and budget, and all interested persons will be given the opportunity to express their opinions regarding this proposed application. Testimony may be given orally at the hearing or submitted in writing before (date).

Anyone who would like further information or who wants to submit comments should contact (person), (title), (telephone number). Portions of and/or a summary of the CDBG-ED Application are available for review at (location) during regular office hours.

(Name of City, Town or County) makes reasonable accommodation for any known disability that may interfere with a person's ability to participate in this public hearing. Persons needing an accommodation must notify (name of contact person) no later than (date) to allow adequate time to make needed arrangements. You can call (telephone number) or write to (address) to make your request known. (If local government has access to a Telecommunication Device for the Deaf, include TDD number here.)

## APPENDIX J

### (NAME OF LOCAL GOVERNMENT OR NON-PROFIT ENTITY)

(List revolving loan fund manager)

### SAMPLE REVOLVING LOAN FUND PLAN

The (Name of Local Government) received a (Fiscal Year xxxx) Community Development Block Grant – Economic Development (CDBG-ED) Program grant from the Montana Department of Commerce (MDOC). The (Name of Local Government) has entered into a sub-recipient agreement with (Name of Non-Profit Entity) to manage loan repayments from this grant award.

The non-administrative portion of that grant was made available to a private business, (Name of Business), in the form of a loan. The loan proceeds were used for acquisition, finance, and working capital. The terms of the loan agreement are specified in a duly recorded loan document on record at (Name of Local Government), Montana. That document is hereby incorporated by reference into this Revolving Loan Fund Plan. The repayments on that loan will be paid into an interest-bearing Revolving Loan fund account, to be used for further relending activity.

### ORGANIZATIONAL MISSION

The (Name of Local Government or Non-Profit Entity) Revolving Loan Fund (RLF) is designed to stimulate economic development activity by assisting the private sector, in order to create or retain jobs for low and moderate-income persons. These funds will be used in situations where a funding gap exists and alternative sources of public and private financing are not adequate. These funds are intended to complement conventional business financing techniques by leveraging funding from other federal and state financing programs and private lending institutions.

The RLF is designed to assist businesses by making appropriate long-term, fixed rate financing available to them at reasonable interest rates, and by providing public improvements in support of economic development activities.

### PROGRAM OBJECTIVE

The objective of the Revolving Loan Fund (RLF) will be to continue the activities from which the program income is being derived, specifically:

1. Create and retain employment opportunities, to benefit no less than 51% Low and Moderate-Income (LMI) persons within the (Name of Local Government or Non-Profit Entity) which is the designated RLF Assistance area; and
2. Assist in preventing or eliminating blight, beautification, or upgrading within the commercial/business district of the community; and

3. Contribute partial funding as match for community development projects funded with state and federal funds.

## **ELIGIBLE APPLICANTS**

Eligible applicants requesting loan assistance will be restricted to (define, i.e. for-profit businesses within the designated RLF Assistance Area). The RLF Assistance Area is defined as being within the (City, Town, County or Certified Regional Development Corporation Area).

## **MAXIMUM LOAN AMOUNT**

Maximum loan amounts depend on the type of financing requested, as listed below.

## **ELIGIBLE ACTIVITIES**

Typical eligible activities include: land acquisition, public facilities and other improvements in support of economic development, such as water and sewer lines, and access roads; for acquisition, construction, rehabilitation, or installation of commercial and industrial buildings, facilities, equipment, or working capital; employee training; and grants to nonprofit entities.

Use of program income must be consistent with eligible activities as determined by the U.S. Department of Housing and Urban Development (24 CFR Part 570.201 or Section 105(a) of Title I of the Housing and Community Development Act) and the Montana DOC Community Development Block Grant Program.

### **1. CDBG Project Development**

The (Name of Local Government or Non-Profit Entity) may use program income to defray project development costs incurred during the development of public facility projects, housing projects or economic development projects.

Activities may include but will not be limited to:

- legal advertisements specific to project development
- preparation of market studies/architectural or engineering studies
- feasibility studies
- computerization/operational assistance
- accounting/legal reviews
- grant preparation

### **2. CDBG Project Participation**

The (Name of Local Government or Non-Profit Entity) may use program income to participate in partial funding of public facilities projects, housing projects, or economic development projects within the (Name of Local Government or Non-Profit Entity).



Activities may include but will not be limited to contributing matching funds to augment state and federal funding for (Name of Local Government or Non-Profit Entity) projects

## TYPES OF FINANCING AVAILABLE

### a. *Business Support Loans*

Eligible applicants may apply for loan assistance to finance activities that will strengthen their business and increase the likelihood of retaining or expanding the business within the designated Business/Commercial District or (Designated Location).

Activities may include but will not be limited to:

- preparation of business plans
- market studies
- project feasibility studies
- computerization/operational assistance

Amounts of loan requests for Business Support Loans will not exceed (\$xxx), or (XX%) of total activity cost. Loans will be amortized over a (X-year term) at no less than (X%) interest and no greater than (X%) interest.

### b. *Business Direct Loans*

Eligible applicants may apply for assistance to finance predetermined and documented business retention and/or expansion of activities. Loan proceeds may be used for the following activities:

- building/site acquisition
- site development/new construction
- building renovation
- equipment acquisition
- working capital

Amounts of loan requests for Business Direct Loans will not exceed (\$xxx) or (xx%) of total activity cost. Terms of the loans will not exceed seven (7) years for working capital loans or ten (10) years for all other building related or equipment loans. Interest rates will be (no less than X% or greater than X%).

### c. *Interest or Principal Buy-downs*

Eligible applicants may apply for financial assistance in the form of an interest or principal buy-down of a commercial loan. The proceeds of the commercial loan must be used for program eligible activities as described herein for Business Support or Business Direct loans.

- d. Eligible applicants who own or intend to purchase a building within the Business/Commercial District may make a one-time application for loan assistance to finance exterior renovation, signage, facade renovation or construction. Loan amounts will not exceed (\$XXX), amortized at (X%) over a (X-year term).

## APPLICATION PROCEDURES

The Revolving Loan Fund Committee will accept loan applications on an open-cycle basis. The application deadline will be 5:00 p.m. the last working day of any week. Completed loan applications may be mailed or delivered to (Location) on or before the application deadline. (See application form - Attachment A)

Applicants should use the application summary and attach all required information. In addition, the for-profit business or nonprofit entity should complete the Business Application Requirements section of the guidelines.

Applications that propose public improvements as assistance to businesses will be accepted by (Name of Entity) and reviewed with similar procedures as loans to for-profit businesses. The application must include a complete business plan and financial package for each business assisted.

Applications will be reviewed and analyzed by the committee and (Other Entity (if applicable)) on a "first come, first served" basis, as determined by the date that the full application is found to be complete by (Name of Entity).

***Applicants should also be aware that in most cases it may take two to four weeks before any funds will actually be received after the decision to award a grant has been made.***

## LOAN REVIEW PROCESS

Loan applications received on or before the application deadline will receive a preliminary review by the Grant Review Committee to determine completeness of each application. Only complete applications will be advanced to the formal review process.

The Grant Review Committee is comprised of (Name of Entity) members who at present consist of (i.e. two banking representatives, two business representatives, and two rural representatives). This makeup allows for replacement by appointment from (Name of Entity).

The Committee will review each application for compliance with program objectives.

Each application will be evaluated separately on a first-come first-served basis. Should requests for funds exceed funds available, applications that are deemed to represent a likelihood of broadest impact will receive the most favorable review.

## Ranking of Applications

Each Revolving Loan Fund application for assistance will be ranked in five categories, a best ranking will equal 5 points, an average ranking will equal 3 points, and a poor ranking will equal 1 point. Any application receiving less than a poor score in a category is ineligible for the benefits of this program and will be rejected.

1. Business proposal is appropriate for the city and this program.

Best = 5 points

Average = 3 points

Poor = 1 point

2. Number of jobs created or retained.

Greater than 10 jobs = 5 points

Between and including 5 and 10 jobs = 3 points

Less than 5 jobs = 1 point

3. Cost per job.

Less than or equal to \$5,000/job = 5 points

\$5001 - 10,000 job = 3 points

\$10,001/job - \$20,000/job = 1 point

4. Business proposal is financially feasible.

5. Percent benefit to Low and Moderate-Income Persons

80% - 100% = 5 points

60% - 79% = 3 points

51% - 59% = 1 point

Note: Compute by dividing the number of jobs created for and/or retained by LMI persons by the total number of jobs created and/or retained.

6. Area economic impact: Project which has the broadest potential for impact on other area businesses, or real estate values, or school enrollments, or agriculture, etc., will be given a "Best" (5 points). Other applications will be ranked against the best application, with the next best receiving an "Average" (3 points).

Within 60 calendar days from the application deadline, the Committee will provide the City Council with a written evaluation of each loan application, accompanied with a recommendation for loan approval or rejection by the Council.

## PRIORITIZING APPLICATIONS

In addition to ranking individual applications, Revolving Loan Fund expenditures will be prioritized as follows:

1. Business expansions to enhance job retention or creation;
2. New business, locating within the RLF Assistance Area, which creates jobs;
3. Start-up of business with job creation potential;
4. Revitalization of business property;
5. Demolition for blight removal.

## ANNUAL REPORT

As required by the Montana Department of Commerce, an annual report of Revolving Loan Fund activities will be submitted to the Community Development Block Grant – Economic Development Program along with a proposed budget for the following year.

## AMENDMENTS TO THE ECONOMIC DEVELOPMENT REVOLVING LOAN FUND GUIDELINES

The **(Name of Entity)** may amend these guidelines by a majority vote of the **(Name of Entity)** and approval by the Department of Commerce. Amendments will be incorporated into a revised statement of the CDBG Economic Development Program Income Revolving Loan Fund Guidelines.

APPROVED:

\_\_\_\_\_  
Local Government Official

\_\_\_\_\_  
Date

\_\_\_\_\_  
Non-Profit Entity Representative

\_\_\_\_\_  
Date

ATTEST:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date



*(Name of Local Government or Non-Profit Entity)*  
**CDBG Economic Development Revolving Loan Fund**  
**January 1, 2008 – December 31, 2008**  
**BUDGET (Sample)**

**INCOME**

1. Loan payments	
Interest only, projected	\$ 15,222
Principal and interest	<u>\$22,076</u>
<b>TOTAL INCOME</b>	<b><u>\$37,298</u></b>

**EXPENSES**

**ADMINISTRATION**

Personnel Services	
1. Salaries, Wages, Benefits, Office Costs	\$ 1,500
2. Supplies	\$ 150
3. Postage/Printing	\$ 150
4. Telephone	\$
100	
5. Legal	\$ 600
<b>TOTAL ADMINISTRATION</b>	<b><u>\$ 2,500</u></b>

**ACTIVITY**

Project Development	
6. Legal Publications	\$ 250
7. Architect/Engineering Services	\$ 2,500
8. Consulting Services	\$ 2,500
9. Legal Documentation	\$ 500
<b>TOTAL PROJECT DEVELOPMENT</b>	<b><u>\$ 5,750</u></b>

Project Participation	
10. Land Acquisition	\$ 0
11. Demolition/Clearance	\$ 0
12. Architect/Engineering Services	\$ 2,500
13. Construction	\$14,800
14. Other	\$ 0
<b>TOTAL PROJECT PARTICIPATION</b>	<b><u>\$17,300</u></b>

<b>TOTAL EXPENSES</b>	<b><u>\$25,550</u></b>
-----------------------	------------------------

Income	\$37,298
(minus) -Expenses	<u>\$25,550</u>
Total Revolving Loan Fund	<u>\$11,748</u>

**NOTE:** Budget line carryovers will be allocated to RLF.

## BUDGET NARRATIVE (Sample)

### ADMINISTRATION

1. Personnel Services:	
Calculated at \$15/hr. 10 hrs./month, 10 month period	\$ 1,500
2. Supplies: estimated Program Costs (10 months)	\$ 150
3. Postage/printing: estimated Program Costs	\$ 150
4. Telephone: estimated Program Costs	\$ 100
5. Legal: estimated Program Reimb. for Co. Attorney/program time	\$ 600
<b>Total Administration.....</b>	<b><u>\$ 2,500</u></b>

### ACTIVITIES

6. Legal Publications:	
Public Hearings - Water Project	(\$40)
Prof. Procurement - Water Project	(\$65)
Public Hearings - County Jail Project	(\$40)
Public Hearings - E.D. Project	(\$40)
Procurement - E.D. Project	(\$65)
Subtotal .....	\$ 250
7. Architect/Engineering Services Schematic Design - Jail Project	\$ 2,500
8. Consulting Services: Grant Preparation - E.D. Project	\$ 2,500
9. Legal Documentation: Prof. Svcs Contract Prep. and/or review	\$ 500
10. Land Acquisition	\$ - 0 -
11. Demolition/Clearance	\$ - 0 -
12. Architect/Engineering Services	
Constr. Drawings, permit plans - handicapped accessibility proj.	\$ 2,500
13. Construction - Handicapped Access Project	\$14,800
14. Other	\$ - 0 -
<b>Total Activity .....</b>	<b><u>\$23,050</u></b>
<b>TOTAL ADMINISTRATION AND ACTIVITIES.....</b>	<b><u>\$ 25,550</u></b>

**ATTACHMENT A**  
**(Name of Local Government or Non-Profit Entity)**

**LOAN APPLICATION**  
**Program Income Revolving Loan Fund**

\*\*\*\*\*

**APPLICANT INFORMATION:**

Name of Business: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

(Fax)

Tax ID Number: \_\_\_\_\_

Contact Person: \_\_\_\_\_ (Phone)

Number of Years in Business: \_\_\_\_\_

Form of Business: Sole Proprietorship: \_\_\_\_\_ Partnership: \_\_\_\_\_

Corporation: \_\_\_\_\_ Other \_\_\_\_\_

Business Description (attach additional sheet if more space is required):

**TYPE OF LOAN REQUESTED:**

Business Support \_\_\_\_\_

Business Direct \_\_\_\_\_

Interest Buydown \_\_\_\_\_

Business District Revitalization \_\_\_\_\_.

**NOTE:**

Additional information may be requested by the Committee. That information may include, but may not be limited to the following financial exhibits; most current Balance Sheet; Profit and Loss Statement; Cash Flow Statement; Reconciliation of Net Worth; Earning Projections; and/or current personal financial statement for the business owner or any individual with more than 10% ownership.

Amount of Loan requested: \_\_\_\_\_

Source and amount of matching funds (if applicable)

Source \_\_\_\_\_  
Amount \_\_\_\_\_

Purpose of Loan:

Certification:

As the responsible certified agent for **(Name of business)**, I hereby submit this application for loan assistance from the **(Name of Local Government or Non-Profit Entity)** Revolving Loan Fund. The information presented in this application is, to the best of my knowledge, true and accurate. I further acknowledge that any employment positions retained or created as the result of a loan must benefit no less than 51% low to moderate-income persons.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Date



## APPENDIX K

### PROCUREMENT POLICY

#### ADOPTED MDOC PROCUREMENT POLICY

After announcing and holding a public hearing on April 16, 1998 and receiving written testimony on a new, proposed procurement policy, MDOC adopted a policy that grant administration services (consulting services) for CDBG, HOME (excluding Community Housing Development Organizations) and TSEP grants be procured using the following procedures:

1. Requests for Proposals (RFPs) are required for any services over \$100,000 and are recommended for procurement under \$100,000 that are complex and/or where qualifications and desired work products cannot easily be handled by telephone rate quotations. Additional guidelines on the use of RFPs for HUD funded projects can be found in HUD Notice CPD-96-05, available from MDOC.
2. HUD "small purchase" procedures can be used where the procurement will not cost more than \$100,000 in the aggregate, and where the procurement is relatively simple and a selection decision can be made based on three to five rate and work plan quotations from qualified sources. The grantee should record the rate or quote along with other identifying information (name, address, and phone) and document the questions asked. If the selection is made using small purchase procedures, the grantee should also contact the Montana Department of Transportation (MDOT) to obtain a list of Minority Business Enterprises/Disadvantaged Business Enterprises (MBE/DBE) certified firms within the region that appear in MDOT's directory in order to invite proposals from qualified MBE/DBE firms.
3. If a local government's procurement policy is more restrictive than MDOC procedures, the local government's policy will govern the procurement procedures to be followed.
4. Based upon additional guidance from HUD, these MDOC procurement requirements would not apply to the formation of long-term partnerships between a local government and a for-profit or non-profit partner when the partnership has a current legal relationship (signed contract), the partner is managing the grant funds, the local government does not have the staffing capability to manage the grant, and the relationship will continue indefinitely following project closeout.

A "long-term relationship" exists where services to be provided are an integral component of the project or activity and are essential to or necessary for the long-term operation of the facility after closeout. This long-term relationship must be clearly spelled out in the proposed management plan submitted as part of the grant application. The key principle is that the for-profit or non-profit entity must have a preestablished, long-term integral role in the continued operation or management of the facility or activity after project closeout. The

non-profit or for-profit must be accountable to the recipient of the grant for the use of funds provided.

A "partnership" is viewed by the state as a long-term, mutually beneficial relationship as determined by the local government. The partnership agreement must be in place before submission of the grant application to MDOC. A partnership would include relationships that will continue indefinitely following formal project closeout. Examples of "long-term partnerships" would include:

- Relationships where a non-profit or for-profit entity, on behalf of a local government, initially administers a CDBG or HOME project and also manages the revolving loan fund (RLF) or program income fund resulting from loan repayments generated by the project.
- For a CDBG economic development RLF capacity-building project, a local government or group of local governments have agreed through a contractual relationship to build capacity in the nonprofit entity over the long-term.
- A local housing authority administers a low income housing project for the long-term, or a non-profit entity owns and operates an affordable housing project. Termination of the relationship would depend upon the terms and conditions of the contract between the local governing body and the non-profit or for-profit entity.
- A Human Resources Development Council (HRDC) proposes to construct and operate a Head-Start center on behalf of a Montana county. In this case, MDOC would not require the recipient county to go through a procurement process for grant administration services. The county commissioners would have the discretion to have the HRDC provide CDBG or HOME grant administration services without a competitive grant procurement process. A for-profit or non-profit entity is established as the management consultant for the long-term management of an economic development revolving loan fund. This would be permitted only in those cases where there is a clear, long-term relationship and intent to manage the revolving loan fund indefinitely into the future.
- A local government applying on behalf of a non-profit entity which proposes to construct, own, and operate an affordable housing project or public facilities project. In this case, the county or city would have the option of not requiring a competitive procurement process for grant administration services if those services would be provided by the non-profit organization that would own and manage the affordable housing or public facility project into the future.

**A long-term partnership arrangement would not include contractor relationships where the for-profit or non-profit entity is paid by the grantee solely for project administrative services, over the project contract period, or until formal project close-out by MDOC, and payment is made as regular compensation for services rendered during the term of the contract.**

**APPENDIX L**  
**SAMPLE SUB-RECIPIENT AGREEMENT**  
*(For revolving loan fund projects)*

THIS AGREEMENT is entered into this \_\_\_\_ day of \_\_\_\_, 20\_\_, by (name of City, Town or County), herein referred to as the ("City", "Town" or "County") and (name of Local Development Organization), a nonprofit economic development corporation herein referred to as the "Sub-recipient."

WITNESSETH THAT:

WHEREAS, (name of City, Town or County) is the recipient of a Community Development Block Grant – Economic Development (CDBG-ED) Program by the Montana Department of Commerce, herein referred to as "the Department," and

WHEREAS, the purpose of the grant is to (establish a revolving loan fund – and/or – describe other activities) for the residents of (name of City, Town, County or region), and

WHEREAS, the (City/Town/County), desires to subgrant the CDBG-ED funds to the Sub-recipient and engage the Sub-recipient to administer the (revolving loan fund –and/or-- describe other activities) on the (City/Town/County)'s behalf, and

WHEREAS, the Department has required the (City/Town/County) to enter into a Sub-recipient agreement with the Sub-recipient specifying the terms and conditions of the (City/Town/County)'s delegation of certain CDBG-ED responsibilities to the Sub-recipient, and

WHEREAS, (name of Local Development Organization) is qualified as a (local development corporation or a nonprofit organization serving the development needs of the communities of nonentitlement areas) as defined by §105(a)(15) of Title I of the Housing and Community Development Act (the "Act"), and

WHEREAS, loan repayments made back to a qualified nonprofit entity defined by §105(a)(15) of the Act are considered miscellaneous revenue and would not be subject to federal program income requirements, except as mutually agreed to by the Sub-recipient, the (City/Town/County), and the Department, and

WHEREAS, the parties to this Agreement understand that neither of them has in any way, expressly or impliedly, abrogated any of its individual powers, and further agree that this Agreement does not create any new organization or legal entity.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set out in this Agreement, the parties agree as follows:



**A. SPECIAL PROVISIONS.** The (City/Town/County) agrees, under the terms and conditions of this Agreement, to sub-grant CDBG-ED grant funds as a loan for gap financing and technical assistance to the Sub-recipient.

**B. INDEPENDENT SUB-RECIPIENT.** It is understood by the parties hereto that the Sub-recipient is an independent Sub-recipient and that neither its principals nor its employees, if any, are employees of the (City/Town/County) for purposes of tax, retirement system, or social security (FICA) withholding. It is further understood that pursuant to section 39-71-401, MCA, the Sub-recipient has obtained, and will maintain at its expense for the duration of this Contract, coverage in a workers' compensation plan for its principals and employees for the services to be performed hereunder.

**C. COMPENSATION.** The Sub-recipient will retain all program income including principal and interest as the result of this grant award. These funds will be used to enhance a Revolving Loan Fund for the benefit of all eligible businesses located within the (City, Town, County or region). A portion of the interest income (XX%), not to exceed (\$XX,XXX) per year, may be used to cover the administrative costs of managing the fund. The Sub-recipient will be responsible for administration, management, and recording of fund income.

Neither the cost of architectural, engineering, or grant administrative services plus a percentage of that cost method nor the percentage of construction cost method will serve as the basis for compensating the sub-recipient for its services provided under this Contract.

For the satisfactory completion of the services to be provided under this Contract, the (City/Town/County) will pay the Sub-recipient a sum not to exceed \$\_\_\_\_\_ as in the manner set forth in the attached Exhibit \_\_\_\_\_, which by this reference is made a part of this contract. Each specific service the Sub-recipient will provide under this contract, and the maximum amount that the (City/Town/County) will pay the Sub-recipient for each of these services, is set forth in the attached Exhibit \_\_\_\_\_.

The amount to be paid will be calculated according to the hourly billing rates for the various personnel as described in Exhibit \_\_\_\_\_. The Sub-recipient may submit monthly requests for payment, based on actual work performed, which must be accompanied by an itemized invoice describing the services furnished, the number of hours worked to accomplish each item, the amount being billed for each item, a description of any other eligible expenses incurred during the billing period, and the total amount being billed.

**D. SCOPE OF SERVICES.** The Sub-recipient will perform the following services: **(Here, or in an exhibit to the contract, explicitly and completely list the services and products the grant recipient expects of the Sub-recipient, including the timetable for completion of key tasks. Consult with your CDBG-ED liaison as to the specific services, which may be appropriate for each grant category.)**

It is understood and agreed by the parties that the services of the Sub-recipient do not



include any of the following: the disbursement or accounting of funds distributed by the (City/Town/County)'s financial officer, legal advice, fiscal audits or assistance with activities not related to the CDBG-ED project.

1. The Sub-recipient will be responsible for all facets of the CDBG-ED gap financing and technical assistance program as described in the Management Plan for the CDBG-ED project. The Sub-recipient will also be responsible for all aspects of the local RLF program, including the following:

- a) Developing Policies and Procedures as they relate to the loan program and/or administering the local CDBG-ED grant program and the local RLF program.
- b) Conducting the local loan application process, including but not limited to:
  - (1) Application documentation;
  - (2) Environmental Review;
  - (3) Credit Analysis;
  - (4) Loan package development; and
  - (5) Collaboration with other funding sources as may be necessary to provide complete financing

2. During the term of this Agreement, the Sub-recipient will maintain reasonable records of its performance under this Agreement in a manner consistent with generally accepted accounting principles. The Sub-recipient will allow the (City/Town/County)'s authorized representatives access to these records at anytime during normal business hours. At the request of the (City/Town/County), the Sub-recipient will submit to the (City/Town/County), in the format prescribed by the (City/Town/County), status reports on its performance under this agreement.

3. The Sub-recipient will comply with the Revolving Loan Fund Plan as approved by the (City/Town/County) and the Montana Department of Commerce and attached to this Agreement as (Exhibit "X"). If the Sub-recipient ceases to exist or an Event of Default occurs, all program income relating to this grant, including funds on hand and accounts or notes receivable, will revert to the (City/Town/County).

**E. DURATION OF THE AGREEMENT.** This Agreement will become effective upon authorization by the (City/Town/County) (Council Members or Commissioners) and the (name of Local Development Organization) Board of Directors and approval by the Department.

This Agreement will terminate if either party fails to meet the conditions of this Agreement or if an Event of Default occurs.

## **F. ADMINISTRATION.**

1. For the purposes of implementing this Agreement, the (City/Town/County) will appoint a local government project liaison that will work with the Sub-recipient. The parties will meet as necessary to provide for the efficient and smooth implementation of this Agreement and the activities contained herein. This Agreement will run concurrently with the Management Plan, which governs the management of the initial CDBG-ED grant, and will follow the Management Plan for issues related to the initial grant. This Sub-recipient Agreement governs the management of the resultant RLF until terminated as provided in Section S.
2. The Sub-recipient will comply with the "Certifications for Application" signed by the (City/Town/County) and submitted with the application for economic development assistance to the Department of Commerce.
3. The Sub-recipient will comply with Procurement Standards as outlined in Chapter 3 and Chapter 8 of the CDBG Grant Administration Manual before entering into any agreements to remodel, to purchase equipment or material, or to retain the services of a consultant or contractor.
4. The CDBG-ED project fund will be audited on a yearly basis in conjunction with Sub-recipient's agency-wide audit and the audit will be conducted according to OMB Circular A-133.

**G. CONFLICT OF INTEREST.** The Sub-recipient covenants that it presently has no interest and will not acquire any interest, direct or indirect, in the CDBG-ED project which would conflict in any manner or degree with the performance of its services hereunder. The Sub-recipient further covenants that, in performing this Contract, it will employ no person who has any such interest.

**H. DISPOSITION OF REAL PROPERTY OR EQUIPMENT ACQUIRED.** Upon the expiration of the Agreement, the Sub-recipient will transfer to the (City/Town/County) any CDBG-ED funds on hand at the time of expiration and any accounts receivable attributable from the use of CDBG-ED funds. With respect to any real property or equipment under the Sub-recipient control that was acquired or improved in whole or in part with CDBG-ED funds in excess of \$25,000, the Sub-recipient will either:

1. Use the property to meet the national objectives contained in 24 CFR section 570.901 for five (5) years after expiration of the Agreement; or
2. Dispose of the property in a manner consistent with OMB Circular A-102 Attachment "n" and as approved by the Department. Reimbursement is not required after the period of time specified in the first paragraph of this section. The proceeds from such disposition will be subject to the applicable provisions of 24 CFR 570.504 (program income).

I. **DOCUMENTS INCORPORATED BY REFERENCE.** The *(City/Town/County)*'s application to the Department for CDBG-ED funding, dated \_\_\_\_\_, 20\_\_\_\_, and all applicable federal and state statutes and regulations are incorporated into this Contract by this reference and are binding upon the Sub-recipient.

J. **CIVIL RIGHTS ACT OF 1964.** The Sub-recipient will abide by the provisions of the Civil Rights Act of 1964 which states that under Title VI, no person may, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

K. **SECTION 109 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974.** The Sub-recipient will comply with the following provision:

No person in the United States may on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with the funds made available under this title. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973 will also apply to any such program or activity.

L. **SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968.** The Sub-recipient will ensure that to the greatest extent feasible, opportunities for training and employment arising in connection with this CDBG-ED assisted project will be extended to lower income project area residents. Further, the Sub-recipient will, to the greatest extent feasible, utilize business concerns located in or substantially owned by residents of the project area, in the award of contracts and purchase of services and supplies.

M. **MINORITY BUSINESS ENTERPRISE.** Consistent with the provisions of Executive Order 11246, the Sub-recipient will take affirmative steps to assure that minority businesses are used when possible as sources of supplies, equipment, construction and services. Additionally, the Sub-recipient will document all affirmative steps taken to solicit minority businesses and will forward this documentation along with the names of the minority subcontractors and suppliers to the local government CDBG-ED recipient upon request.

N. **NONDISCRIMINATION.** The Sub-recipient will not discriminate against any employee or applicant for employment on the basis of race, color, religion, creed, political ideas, sex, age, marital status, physical or mental handicap, or national origin.

O. **OWNERSHIP AND PUBLICATION OF MATERIALS.** All reports, information, data, and other materials prepared by the Sub-recipient pursuant to this Contract are the property of the *(City/Town/County)* and the Department which have the exclusive and unrestricted authority to release, publish or otherwise use, in whole or part, information relating thereto. Any reuse without written verification or adaptation by the



Architect/Engineer for the specific purpose intended will be at the Owner's sole risk and without liability or legal exposure to the Architect/Engineer. No material produced in whole or in part under this Contract may be copyrighted or patented in the United States or in any other country without the prior written approval of the (City/Town/County) and the Department.

**P. REPORTS AND INFORMATION.** The Sub-recipient will maintain accounts and records, including personnel, property and financial records, adequate to identify and account for all costs pertaining to this Contract and such other records as may be deemed necessary by the (City/Town/County) to assure proper accounting for all project funds, both federal and non-federal shares. These records will be made available for audit purposes to the (City/Town/County) or its authorized representative, and will be retained for three years after receipt of final payment for the services rendered under this Contract unless permission to destroy them is granted by the (City/Town/County).

**Q. ACCESS TO RECORDS.** It is expressly understood that the Sub-recipient's records relating to this Contract will be available during normal business hours for inspection by the (City/Town/County), the Department, the U.S. Department of Housing and Urban Development, the U.S. Comptroller General, and, when required by law, the Montana Legislative Auditor and Legislative Fiscal Analyst.

**R. INDEMNIFICATION.** The Sub-recipient waives any and all claims and recourse against the (City/Town/County), including the right of contribution of loss or damage to person or property arising from, growing out of, or in any way connected with or incidental to the Sub-recipient's performance of this Agreement, except claims arising from the concurrent or sole negligence of the (City/Town/County) or its officers, agents or employees. The Sub-recipient will indemnify, hold harmless, and defend the (City/Town/County) against any and all claims, demands, damages, costs, expenses, or liability arising out of the Sub-recipient's performance of this Agreement except for liability arising out of the concurrent or sole negligence of the (City/Town/County) or its officers, agents, or employees.

**S. TERMINATION OF AGREEMENT.** If any of the following events occur, the (City/Town/County) may, in its sole discretion, declare such event a default under this Agreement:

1. Any representation or warranty made by the Sub-recipient in this Agreement or in any request or certificate or other information furnished to the (City/Town/County) under this Agreement proves to have been incorrect in any material respect; or
2. The Sub-recipient fails in any material respect to carry out its obligations under its proposal to the (City/Town/County) for the assistance provided under this Agreement.

If the Sub-recipient fails to perform any of its duties under this Agreement or if any event of default occurs, the (City/Town/County) may declare the Sub-recipient to be in default and thereafter give the Sub-recipient written notice setting forth the action or inaction which



constitutes the default and giving the Sub-recipient 45 days in which to correct the default. If the Sub-recipient fails to correct the default within 45 days of receipt of this notice, the (City/Town/County) may notify the Sub-recipient in writing that any amount that is payable under this Agreement is due and payable in full within 45 days and this Agreement is terminated.

It is agreed by the parties that the provisions of this Agreement provide for reasonable and sufficient notice to be given to the Sub-recipient in case of the Sub-recipient's failure to comply with any of its covenants and that this notice is sufficient for the Sub-recipient to rectify its actions or inactions of default.

The waiver by the (City/Town/County) of any default by the Sub-recipient does not constitute a waiver of a continuing breach or a waiver of a subsequent breach. Any agreement contrary to this Agreement is not binding upon either party unless it is in writing and signed by both parties.

#### **T. CONSTRUCTION AND VENUE.**

This Agreement will be construed under and governed by the laws of the State of Montana. The (City/Town/County) and the Sub-recipient agree that performance of this Agreement is in the County of \_\_\_\_\_, State of Montana and that in the event of litigation concerning it, venue is in the District Court of the \_\_\_\_th Judicial District in and for the County of \_\_\_\_\_, Montana.

U. **ELIGIBILITY.** The Sub-recipient certifies that the Sub-recipient's firm and the firm's principals are not debarred, suspended, voluntarily excluded, or otherwise ineligible for participation in federally assisted contracts under Executive Order 12549, "Debarment and Suspension". (24 CFR 24.505)

This Sub-recipient Agreement has been approved by (name of City, Town or County) (Board of Commissioners or Council Members) and (name of Local Development Organization) Board of Directors.

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be executed.

(Name of City, Town or County):

(Name of Local Development Organization):

\_\_\_\_\_  
(Name of Chief Elected Official)

\_\_\_\_\_  
(Name of Director)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Attest:

Attest:

**(ATTACH ANY EXHIBITS HERE)**

**For Example:**

*Exhibit "A"* – Revolving Loan Fund Plan

*Exhibit "B"* – CDBG-ED Grant Contract between the Department of Commerce & the  
**(City/Town/County)**

*Exhibit "C"* – Management Plan for the Project (between the **(City/Town/County)** and the  
Sub-recipient, as approved by the Department of Commerce)

*Exhibit "D"* – Schedule of Fees (see example on page L.18)

## **SAMPLE SUB-RECIPIENT AGREEMENT**

*(For non-RLF agreements)*

THIS AGREEMENT is entered into this \_\_\_\_ day of \_\_\_\_, 20\_\_, by (name of City, Town or County), herein referred to as the ("City", "Town" or "County") and (name of Local Development Organization), a nonprofit economic development corporation herein referred to as the "Sub-recipient."

WITNESSETH THAT:

WHEREAS, (name of City, Town or County) is the recipient of a Community Development Block Grant – Economic Development (CDBG-ED) Program by the Montana Department of Commerce, Business Resources Division herein referred to as "the Department," and

WHEREAS, the purpose of the grant is to (name activities) for the residents of (name of City, Town, County or region), and

WHEREAS, the (City/Town/County), desires to sub-grant the CDBG-ED funds to the Sub-recipient and engage the Sub-recipient to (name activities) on the (City/Town/County)'s behalf, and

WHEREAS, the Department has required the (City/Town/County) to enter into a Sub-recipient agreement with the Sub-recipient specifying the terms and conditions of the (City/Town/County)'s delegation of certain CDBG-ED responsibilities to the Sub-recipient, and

WHEREAS, (name of Local Development Organization) is qualified as a (local development corporation or a nonprofit organization serving the development needs of the communities of non-entitlement areas) as defined by §105(a)(15) of Title I of the Housing and Community Development Act (the "Act"), and

WHEREAS, the parties to this Agreement understand that neither of them has in any way, expressly or impliedly, abrogated any of its individual powers, and further agree that this Agreement does not create any new organization or legal entity.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set out in this Agreement, the parties agree as follows:

**A. SPECIAL PROVISIONS.** The (City/Town/County) agrees, under the terms and conditions of this Agreement, to sub-grant CDBG-ED funds for (name of activities) to the Sub-recipient.

**B. INDEPENDENT SUB-RECIPIENT.** It is understood by the parties hereto that the Sub-recipient is an independent Sub-recipient and that neither its principals nor its employees, if any, are employees of the (City/Town/County) for purposes of tax,



retirement system, or social security (FICA) withholding. It is further understood that pursuant to section 39-71-401, MCA, the Sub-recipient has obtained, and will maintain at its expense for the duration of this Contract, coverage in a workers' compensation plan for its principals and employees for the services to be performed hereunder.

**C. COMPENSATION.** Neither the cost of architectural, engineering, or grant administrative services plus a percentage of that cost method nor the percentage of construction cost method will serve as the basis for compensating the sub-recipient for its services provided under this Contract.

For the satisfactory completion of the services to be provided under this Contract, the (City/Town/County) will pay the Sub-recipient a sum not to exceed \$\_\_\_\_\_ as in the manner set forth in the attached Exhibit \_\_\_\_\_, which by this reference is made a part of this contract. Each specific service the Sub-recipient will provide under this contract, and the maximum amount that the (City/Town/County) will pay the Sub-recipient for each of these services, is set forth in the attached Exhibit \_\_\_\_\_.

The amount to be paid will be calculated according to the hourly billing rates for the various personnel as described in Exhibit \_\_\_\_\_. The Sub-recipient may submit monthly requests for payment, based on actual work performed, which must be accompanied by an itemized invoice describing the services furnished, the number of hours worked to accomplish each item, the amount being billed for each item, a description of any other eligible expenses incurred during the billing period, and the total amount being billed.

**D. SCOPE OF SERVICES.** The Sub-recipient will perform the following services: **(Here, or in an exhibit to the contract, explicitly and completely list the services and products the grant recipient expects of the Sub-recipient, including the timetable for completion of key tasks. Consult with your CDBG-ED liaison as to the specific services which may be appropriate for each grant category.)**

It is understood and agreed by the parties that the services of the Sub-recipient do not include any of the following: the disbursement or accounting of funds distributed by the (City/Town/County)'s financial officer, legal advice, fiscal audits or assistance with activities not related to the CDBG-ED project.

1. The Sub-recipient will be responsible for all facets of the CDBG-ED gap financing and technical assistance project as described in the (City/Town/County)'s CDBG-ED application.

2. During the term of this Agreement, the Sub-recipient will maintain reasonable records of its performance under this Agreement in a manner consistent with generally accepted accounting principles. The Sub-recipient will allow the (City/Town/County)'s authorized representatives access to these records at anytime during normal business hours. At the request of the (City/Town/County), the Sub-recipient will submit to the (City/Town/County), in the format prescribed by the (City/Town/County), status reports on its performance under this agreement.

3. If the Sub-recipient ceases to exist or an Event of Default occurs, all grant funding on hand and accounts or notes receivable related to this agreement, will revert to the (City/Town/County).

**E. DURATION OF THE AGREEMENT.** This Agreement will become effective upon authorization by the (City/Town/County) (Council Members or Commissioners) and the (name of Local Development Organization) Board of Directors and approval by the Department.

This Agreement will terminate if either party fails to meet the conditions of this Agreement or if an Event of Default occurs.

**F. ADMINISTRATION.**

1. For the purposes of implementing this Agreement, the (City/Town/County) will appoint a local government project liaison that will work with the Sub-recipient. The parties will meet as necessary to provide for the efficient and smooth implementation of this Agreement and the activities contained herein. This Agreement will run concurrently with the Management Plan, which governs the management of the initial CDBG-ED grant, and will follow the Management Plan for issues related to the initial grant.

2. The Sub-recipient will comply with the "Certifications for Application" signed by the (City/Town/County) and submitted with the application for economic development assistance to the Department of Commerce.

3. The Sub-recipient will comply with Procurement Standards as outlined in Chapter 3 and Chapter 8 of the CDBG Grant Administration Manual before entering into any agreements to remodel, to purchase equipment or material, or to retain the services of a consultant or Sub-recipient.

4. The CDBG-ED project fund will be audited on a yearly basis in conjunction with Sub-recipient's agency-wide audit and the audit will be conducted according to OMB Circular A-133.

**G. CONFLICT OF INTEREST.** The Sub-recipient covenants that it presently has no interest and will not acquire any interest, direct or indirect, in the CDBG-ED project which would conflict in any manner or degree with the performance of its services hereunder. The Sub-recipient further covenants that, in performing this Contract, it will employ no person who has any such interest.

**H. DISPOSITION OF REAL PROPERTY OR EQUIPMENT ACQUIRED.** Upon the expiration of the Agreement, the Sub-recipient will transfer to the (City/Town/County) any CDBG-ED funds on hand at the time of expiration and any accounts receivable attributable from the use of CDBG-ED funds. With respect to any real property or equipment under the Sub-recipient control that was acquired or improved in whole or in part with CDBG-ED funds in excess of \$25,000, the Sub-recipient will either:

1. Use the property to meet the national objectives contained in 24 CFR section 570.901 for five (5) years after expiration of the Agreement; or

2. Dispose of the property in a manner consistent with OMB Circular A-102 Attachment "n" and as approved by the Department. Reimbursement is not required after the period of time specified in the first paragraph of this section. The proceeds from such disposition will be subject to the applicable provisions of 24 CFR 570.504 (program income).

**I. DOCUMENTS INCORPORATED BY REFERENCE.** THE (City/Town/County)'s application to the Department for CDBG-ED funding, dated\_\_\_\_\_, 20\_\_\_\_, and all applicable federal and state statutes and regulations are incorporated into this Contract by this reference and are binding upon the Sub-recipient.

**J. CIVIL RIGHTS ACT OF 1964.** The Sub-recipient will abide by the provisions of the Civil Rights Act of 1964 which states that under Title VI, no person may, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

**K. SECTION 109 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974.** The Sub-recipient will comply with the following provision: No person in the United States may on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with the funds made available under this title. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973 will also apply to any such program or activity.

**L. SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968.** The Sub-recipient will ensure that to the greatest extent feasible, opportunities for training and employment arising in connection with this CDBG-ED-assisted project will be extended to lower income project area residents. Further, the Sub-recipient will, to the greatest extent feasible, utilize business concerns located in or substantially owned by residents of the project area, in the award of contracts and purchase of services and supplies.

**M. MINORITY BUSINESS ENTERPRISE.** Consistent with the provisions of Executive Order 11246, the Sub-recipient will take affirmative steps to assure that minority businesses are used when possible as sources of supplies, equipment, construction and services. Additionally, the Sub-recipient will document all affirmative steps taken to solicit minority businesses and will forward this documentation along with the names of the minority Sub-recipients and suppliers to the local government CDBG-ED recipient upon request.

**N. NONDISCRIMINATION.** The Sub-recipient will not discriminate against any employee or applicant for employment on the basis of race, color, religion, creed, political



ideas, sex, age, marital status, physical or mental handicap, or national origin.

**O. OWNERSHIP AND PUBLICATION OF MATERIALS.** All reports, information, data, and other materials prepared by the Sub-recipient pursuant to this Contract are the property of the (City/Town/County) and the Department which have the exclusive and unrestricted authority to release, publish or otherwise use, in whole or part, information relating thereto. Any reuse without written verification or adaptation by the Architect/Engineer for the specific purpose intended will be at the Owner's sole risk and without liability or legal exposure to the Architect/Engineer. No material produced in whole or in part under this Contract may be copyrighted or patented in the United States or in any other country without the prior written approval of the (City/Town/County) and the Department.

**P. REPORTS AND INFORMATION.** The Sub-recipient will maintain accounts and records, including personnel, property and financial records, adequate to identify and account for all costs pertaining to this Contract and such other records as may be deemed necessary by the (City/Town/County) to assure proper accounting for all project funds, both federal and non-federal shares. These records will be made available for audit purposes to the (City/Town/County) or its authorized representative, and will be retained for three years after receipt of final payment for the services rendered under this Contract unless permission to destroy them is granted by the (City/Town/County).

**Q. ACCESS TO RECORDS.** It is expressly understood that the Sub-recipient's records relating to this Contract will be available during normal business hours for inspection by the (City/Town/County), the Department, the U.S. Department of Housing and Urban Development, the U.S. Comptroller General, and, when required by law, the Montana Legislative Auditor and Legislative Fiscal Analyst.

**R. INDEMNIFICATION.** The Sub-recipient waives any and all claims and recourse against the (City/Town/County), including the right of contribution of loss or damage to person or property arising from, growing out of, or in any way connected with or incidental to the Sub-recipient's performance of this Agreement, except claims arising from the concurrent or sole negligence of the (City/Town/County) or its officers, agents or employees. The Sub-recipient will indemnify, hold harmless, and defend the (City/Town/County) against any and all claims, demands, damages, costs, expenses, or liability arising out of the Sub-recipient's performance of this Agreement except for liability arising out of the concurrent or sole negligence of the (City/Town/County) or its officers, agents, or employees.

**S. TERMINATION OF AGREEMENT.** If any of the following events occur, the (City/Town/County) may, in its sole discretion, declare such event a default under this Agreement:

1. Any representation or warranty made by the Sub-recipient in this Agreement or in any request or certificate or other information furnished to the (City/Town/County) under this Agreement proves to have been incorrect in any material respect; or



2. The Sub-recipient fails in any material respect to carry out its obligations under its proposal to the (City/Town/County) for the assistance provided under this Agreement.

If the Sub-recipient fails to perform any of its duties under this Agreement or if any event of default occurs, the (City/Town/County) may declare the Sub-recipient to be in default and thereafter give the Sub-recipient written notice setting forth the action or inaction which constitutes the default and giving the Sub-recipient 45 days in which to correct the default. If the Sub-recipient fails to correct the default within 45 days of receipt of this notice, the (City/Town/County) may notify the Sub-recipient in writing that any amount that is payable under this Agreement is due and payable in full within 45 days and this Agreement is terminated.

It is agreed by the parties that the provisions of this Agreement provide for reasonable and sufficient notice to be given to the Sub-recipient in case of the Sub-recipient's failure to comply with any of its covenants and that this notice is sufficient for the Sub-recipient to rectify its actions or inactions of default.

The waiver by the (City/Town/County) of any default by the Sub-recipient does not constitute a waiver of a continuing breach or a waiver of a subsequent breach. Any agreement contrary to this Agreement is not binding upon either party unless it is in writing and signed by both parties.

**T. CONSTRUCTION AND VENUE.**

This Agreement will be construed under and governed by the laws of the State of Montana. The (City/Town/County) and the Sub-recipient agree that performance of this Agreement is in the County of \_\_\_\_\_, State of Montana and that in the event of litigation concerning it, venue is in the District Court of the \_\_\_\_\_th Judicial District in and for the County of \_\_\_\_\_, Montana.

**U. ELIGIBILITY.** The Sub-recipient certifies that the Sub-recipient's firm and the firm's principals are not debarred, suspended, voluntarily excluded, or otherwise ineligible for participation in federally assisted contracts under Executive Order 12549, "Debarment and Suspension". (24 CFR 24.505)

This Sub-recipient Agreement has been approved by (name of City, Town, or County) (Board of Commissioners or Council Members) and (name of Local Development Organization) Board of Directors.

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be executed.

(Name of City, Town or County):

(Name of Local Development Organization):

(Name of Chief Elected Official)

(Name of Director)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Attest:

Attest:

**(ATTACH ANY EXHIBITS HERE)**

**For Example:**

*Exhibit "A"* – CDBG-ED Grant Contract between the Department of Commerce & the **(City/Town/County)**

*Exhibit "B"* – Management Plan for the Project (between the **(City/Town/County)** and the Sub-recipient, as approved by the Department of Commerce)

*Exhibit "C"* – Schedule of Fees (see example on page L.18)

## Example of "Schedule of Fees"

### Local Development Organization Schedule of Fees

#### PERSONNEL EXPENSES

Project Manager – Anticipated work hours for 2 year project

875 hours @ \$30/hour = \$26,250.00

Benefits – Health insurance, annual leave, etc.

875 hours @ \$3.00/hour = \$ 2,625.00

#### TRAVEL (\$.35/mile)

26 trips out to project site @ \$10.78 = \$ 280.28

6 trips to other office @ \$47.04 = \$ 282.24

#### SUPPLIES (10% overhead)

Office supplies = \$ 2,587.48

Postage

Printing and copying

Telephone

TOTAL \$32,025.00



## APPENDIX M

### SAMPLE MANAGEMENT PLAN (*Local Government Management*)

#### MONTANA DEPARTMENT OF COMMERCE

#### COMMUNITY DEVELOPMENT BLOCK GRANT

#### ECONOMIC DEVELOPMENT PROGRAM

CONTRACT NO. MT-CDBG-ED-xx-xx

(Name of Assisted Business)

#### A. Administrative Structure

The (Name of Local Government) is an incorporated (City/Town/County) with a (Mayor/Council, City Manager/Council or County Commission) form of government. The following persons will have lead responsibility for administering the (City/Town/County)'s (FY xxxx) Community Development Block Grant – Economic Development (CDBG-ED) Project to (description of project) for (Name of Assisted Business):

1. (Name and Title of the Chief Elected Official), as the (City/Town/County)'s chief elected official, will have responsibility for all official contacts with the Montana Department of Commerce (MDOC). The (Chief Elected Official), and (Council or Commissioners) will have the ultimate authority and responsibility for the (City/Town/County)'s (FY xxxx) implementation of the CDBG-ED project to (description of project) for (Name of Assisted Business). The (Chief Elected Official) will approve and sign administrative documents, designate the Environmental Certifying Officer and approve all requests for payment from the CDBG-ED program. The (Council or Commissioners) will approve all contracts and drawdown requests. The telephone number for the (Chief Elected Official and Council or Commissioners) is (406) (xxx-xxxx). (Email xxxx@xxx)
2. (Name), (City/Town/County) Fiscal Officer, will act as Finance Manager for the CDBG-ED project and will be responsible for management of and record keeping for CDBG-ED funds and other funds involved in the financing of the (description of project) for (Name of Assisted Business). Approximately (amount, i.e. one-tenth) of his time will be devoted to CDBG-ED administration during the term of the project. (Telephone (406) (xxx-xxxx).) (Email xxxx@xxx)
3. (Name), (City/Town/County) Clerk, will maintain all records for the project. Approximately (amount, i.e. one-tenth) of (his/her) time will be devoted to maintaining CDBG-ED records. (Telephone (406) (xxx-xxxx).) (Email xxxx@xxx)
4. (Name), (City/Town/County) Grants Administrator, will be the Project Manager. (He/She) will be the liaison between (Name of Assisted Business) and the (Council or Commissioners), (City/Town/County) Attorney, and the Montana

Department of Commerce. He/she will make appropriate recommendations and route all contract documents, required administrative documents, and drawdowns. On behalf of the (Council or Commissioners), (he/she) will maintain the project files, be responsible for Federal, State and programmatic requirements and manage the administration and implementation of the CDBG-ED project to expand the business of (Name of Assisted Business). (He/she) will be responsible for assisting the applicant with all aspects of managing the project, including the completion of the environmental review, preparation of contracts, loan agreements, low-to-moderate income documentation and monitoring. Approximately (amount, i.e. one-third) of (his/her) time will be devoted to CDBG-ED administration during the term of tile project. (Telephone: (406) (xxx-xxxx).) (Email xxxx@xxx)

5. (Name), (City/Town/County) Attorney, will review and advise the (Council or Commissioners) regarding any proposed contractual agreements associated with the CDBG-ED project and will provide any other legal guidance as requested. The (City/Town/County) Attorney will review and approve all loan agreements and related documents. (Telephone: (406) (xxx-xxxx).) (Email xxxx@xxx)
6. (Name), Controller for (Name of Assisted Business) will serve as the project representative for (Name of Assisted Business).
7. The local Job Service will be responsible for screening and verifying income levels for all job applicants and maintaining employment files in accordance with CDBG – ED guidelines.
8. In accordance with the Single Audit Act, as amended, an independent auditing firm will review and make a report on the CDBG-ED.

## **B. Project Management**

1. The Project Manager will be responsible for:
  - a. Ensuring that the Loan/Grant Agreement between (Name of Local Government) and (Name of Assisted Business) is executed.
  - b. Preparing the Environmental Review Record (ERR) to assure full compliance with the National and Montana Environmental Policy Acts and any other applicable environmental requirements. The Project Manager also will be responsible for preparing any required legal notices for the ERR Process and for ensuring required public hearings or informational meetings are conducted.
  - c. Preparing a Request for Release of Funds (RROF) for submittal to the MDOC.
  - d. Developing the contract with the MDOC and administering all requirements related to effective project start-up and implementation.

- e. Preparation of contracts and loan agreements between the (City/Town/County) and (Name of Assisted Business).
- f. Assisting (Name of Assisted Business) and the local Job Service with documentation of low-to-moderate income documentation.
- g. Establishing and maintaining complete and accurate project files and preparing all documentation and reports incidental to administration of the grant.
- h. Reviewing all proposed project expenditures or requests for payment to ensure their propriety and proper allocation of expenditures to the CDBG-ED project budget.
- i. In cooperation with the (City/Town/County) Fiscal Officer, reviewing requests for payment to ensure compliance, processing payment requests and preparing drawdown requests for the CDBG-ED, including the *Request for Payment and Status of Funds Reports* and the *Project Progress Report*.
- j. Preparing all required performance reports and closeout documents for submittal to the (City/Town/County) for review and submittal to the CDBG-ED Program.
- k. Project liaison with (Name of Assisted Business), the community and (Council or Commissioner) meetings to provide project status reports and representing the project at any other public meetings, as deemed necessary by the (Council or Commissioners).
- l. Project monitoring.
- m. Public Relations, which includes acting as a contact person for persons interested in the project, preparing press releases, and disseminating project information.

2. The (City/Town/County) Attorney will be responsible for:

- a. Reviewing all proposed contractual agreements for the CDBG-ED program.
- b. Ensuring that any agreements necessary, including the Loan/Grant Agreement, between (Name of Assisted Business) and (Name of Local Government) are properly executed.

**C. Financial Management**

1. The Finance Manager's responsibilities will be as follows:

- a. Establishing the CDBG-ED Program line item account and disbursing CDBG-ED funds from that account based on claims and supporting documents



approved by the Project Manager. Since the (City/Town/County) uses a non-interest bearing compensative balance for its general disbursements, a separate CDBG-ED account is not necessary. The balance of CDBG-ED funds in the (City/Town/County) account will not exceed \$5,000 for a period of more than three (3) days, and all CDBG-ED funds drawn by the grantee will be expended for eligible costs within 15 days.

- b. Entering all project transactions into the (City/Town/County)'s existing accounting system (BARS) and preparing checks/warrants for approved expenditures.
- c. With the assistance of the Project Manager, preparing the *Request for Payment and Status of Funds Reports* to be submitted to the MDOC. All drawdown requests will be signed by two of the three following persons: two (Council or Commissioner) members and the (City/Town/County) Fiscal Officer. No expenditures will be made without the approval of the (Council or Commissioners).
- d. With the assistance of the Project Manager, preparing the final financial reports for project closeout.

Original financial documents (claims with attached supporting documents) will be retained in the (City/Town/County) Clerk's office.

Monthly time sheets and daily project logs will be maintained by (City/Town/County) staff to document all time worked on the CDBG-ED project.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

PROJECT ADMINISTRATOR:

\_\_\_\_\_  
(Name, Title)  
(Local Development Organization (LDO))

\_\_\_\_\_  
Date

(Name of City, Town or County):

\_\_\_\_\_  
(Name, Title of Elected Official)  
(Name of Local Government)

\_\_\_\_\_  
Date



**SAMPLE MANAGEMENT PLAN** (Loan Project Managed by Third-Party Nonprofit)

MONTANA DEPARTMENT OF COMMERCE  
COMMUNITY DEVELOPMENT BLOCK GRANT  
ECONOMIC DEVELOPMENT PROGRAM  
CONTRACT NO. MT-CDBG-ED-xx-xx  
**(Name of Assisted Business)**

In Fiscal Year (xxxx), the **(Name of Local Government)** received a grant from the Montana CDBG-ED Program that will be loaned to **(Name of Assisted Business)**. The loan repayments will be used to continue the development of the CDBG-ED Revolving Loan Fund, (hereinafter called "The RLF"). The RLF will be used to provide financial capital to create or expand businesses in the **(Name of Local Government)** in equal proportion with private financing. New and expanding businesses that borrow funds from the RLF will promise to provide jobs to low and moderate-income (LMI) families in the **(Name of Local Government)**. The **(City/Town/County)** will enter into a Sub-Recipient Agreement with **(name of Local Development Organization)** (LDO) for administering the CDBG-ED Project and the RLF. This Management Plan is written to assure proper management of the CDBG-ED project, which includes financial management of grant funds, compliance with State and federal requirements, timely start-up and completion of project activities, and prudent administration of ongoing loan repayments.

**A. ADMINISTRATIVE STRUCTURE**

**1. LOCAL GOVERNMENT GRANTEE**

The **(Name of Local Government)** is an incorporated **(City/Town/County)** with a **(Mayor/Council, City Manager/Council or County Commission)** form of government. The following persons will have lead responsibility for administering the **(City/Town/County)**'s FY (xxxx) Community Development Block Grant-Economic Development (CDBG-ED) Project on behalf of the **(City/Town/County)** to **(Describe Activity Funded)** for **(Name of Assisted Business)**.

- a. **(Name, Local Government Elected Official)**, as the **(City/Town/County)**'s chief elected official, will have responsibility for all official contacts with the Montana Department of Commerce (MDOC). The **(Local Government Elected Official)** and **(Council or Commissioners)** will have the ultimate authority and responsibility for the implementation of the **(Name of Local Government)**'s FY (xxxx) CDBG-ED project for Economic Development to facilitate an expansion of **(Name of Assisted Business)**. The **(Local Government Elected Official)** will approve and sign administrative documents, designate the Environmental Certifying Officer and approve all requests for payment from the CDBG-ED program. The **(Council or Commissioners)** will approve all contracts and drawdown requests. The telephone number for the **(Local Government Elected Official)** and **(Council or Commissioners)** is (406) (xxx-xxxx). **(Email xxxx@xxx)**

- b. (Name), (City/Town/County) Attorney, will review any proposed contractual agreements associated with the CDBG-ED Project, advise the (Council or Commissioners) regarding the agreements, and provide any other legal guidance as requested. (Telephone: (406) (xxx-xxxx).) (Email xxxx@xxx)
- c. (Name), (City/Town/County) Clerk, will be responsible for maintaining records related to the management of the initial CDBG-ED project funds for the (Name of Local Government). (Telephone: (406) (xxx-xxxx).) (Email xxxx@xxx)
- d. (Name), (City/Town/County) (Position (i.e. County Development Office)), will be the liaison between the (name of Local Development Organization) (LDO), the (Council or Commission) members and the (City/Town/County) Attorney. (He/She) will make appropriate recommendations and route all contract documents, administrative documents, and drawdowns as necessary. (He/She) will also be responsible for the Environmental Review process. (Telephone: (406) (xxx-xxxx).) (Email xxxx@xxx)

2. (Name of Local Development Organization) (LDO)

To provide general technical assistance, coordination of funding sources, assurances of compliance with all applicable state and federal requirements for the CDBG-ED program, the (Name of Local Government) has designated the (name of Local Development Organization) (LDO) as its Project Administrator. (Name of Local Development Organization) (LDO) is a not-for-profit 501(c)(3) Local Community Development Agency located in (Name of Local Government). The following (name of Local Development Organization) (LDO) personnel will be responsible for the project:

- a. (Name), Executive Director, will be responsible for all official contacts with the (Name of Local Government) on behalf of (name of Local Development Organization) (LDO), keeping the (name of Local Development Organization) (LDO) Board of Directors apprised of project status, and entering agreements on behalf of (name of Local Development Organization) (LDO). (Telephone: (406) (xxx-xxxx).) (Email xxxx@xxx)
- b. (Name), Project Manager, will be responsible for overall coordination of the CDBG-ED Grant awarded to the (Name of Local Government). (He/She) will establish and maintain complete and accurate project files, monitor all project activities for compliance with all applicable requirements, and supervise the project outreach, intake, application and project selection process. (Telephone: (406) (xxx-xxxx).) (Email xxxx@xxx)
- c. (Name), Fiscal Officer, will be responsible for the fiscal management of the project, in coordination with the Project Manager and in accordance with the (name of Local Development Organization) (LDO) Fiscal Procedures Manual. (He/She) will assure compliance with all applicable federal, state

and local requirements, keep all fiscal records and accounts for the (name of Local Development Organization) (LDO), assure coordination of all funding sources, review all project expenditures from the business, process pay requests, draft drawdown requests, and prepare all project closeout documents. (Telephone: (406) (xxx-xxxx).) (Email xxxx@xxx)

## **B. PROJECT MANAGEMENT**

### **1. (Name), (City/Town/County), (Position) will:**

- a. Complete the environmental review for each project to assure compliance with National and Montana Environmental Policy Acts
- b. Complete the Statutory Checklist or Consolidated Environmental Assessment Form, as applicable, and any other applicable environmental requirements
- c. Prepare any legal notices required to be published for the environmental review process and conduct any required public hearings or informational meetings
- d. Prepare a request for release of funds to the MDOC
- e. Assist in the development of a CDBG-ED contract between the (City/Town/County) and the MDOC
- f. Review, approve, and submit the CDBG-ED drawdown requests, after preparation by (name of Local Development Organization) (LDO) and approval by the (Council or Commissioners), to the CDBG-ED Program, Business Resources Division, Montana Department of Commerce, and ensure disbursement of funds to the (name of Local Development Organization) (LDO) for loan closings and administrative expenses
- g. Review and approve all CDBG-ED closeout documents.

### **2. As a subgrantee, the Project Administrator, (name of Local Development Organization) (LDO), is responsible for the following day to day project activities:**

- a. Coordinating with the (Name of Local Government) for completion of the environmental review process required of each CDBG-ED project considered for funding to assure full compliance with the National and Montana Environmental Policy Acts and the preparation of any legal notices required to be published for the environmental review process and conducting any required public hearings or informational meetings.
- b. Assisting the (Name of Local Government) and the MDOC in developing the (Name of Local Government) contract with the MDOC that will address all requirements related to effective project start-up and implementation. This



will include preparation of all management agreements between the **(Name of Local Government)** and the Project Administrator.

- c. Establishing and maintaining complete and accurate project files and preparing all documentation and reports incidental to administration of the grant
- d. Reviewing all proposed project expenditures or requests for payment from the business to ensure their propriety and proper allocation of expenditures to the CDBG-ED budget.
- e. In cooperation with the **(Name of Local Government)** project manager, processing quarterly payment requests and preparing drawdown requests to the MDOC, including the Request for Payment and Status of Funds Report and the Project Progress Report
- f. Assuring compliance with applicable civil rights requirements included in the **(Name of Local Government)**'s adopted equal opportunity plan and fair housing resolution
- g. Preparing all required performance reports and closeout documents for submittal to MDOC and assisting the **(Name of Local Government)** auditors with the completion of the project's audit requirements
- h. Closing the CDBG-ED loan in a timely fashion in accordance with the project implementation schedule
- i. Monitoring the borrower's compliance with the requirements of the loan agreement including monthly payments, implementation of the project hiring and training plan, submission of monthly financial statements, and documentation of benefit to low and moderate-income families
- j. Preparing the Program Income Plan for the project and securing MDOC approval for that plan before closing the CDBG-ED loan
- k. Attending **(Council or Commissioners)** meetings to provide project status reports and representing the CDBG-ED project at any other public meetings as deemed necessary by the **(Council or Commissioners)**
- l. Developing a means for assisting the ultimate loan recipients with fulfilling the hiring and training plan requirements, including reports to MDOC regarding progress.

## **C. FINANCIAL MANAGEMENT**

1. The **(Name of Local Government)** Clerk will be responsible for:



- a. Establishing a CDBG-ED bank account and transferring CDBG-ED funds from that account to the (Name of Local Government) treasury for disbursements, based on claims and supporting documents approved by the Project Manager and (Council or Commissioners). As the (City/Town/County) uses an interest bearing account for its general disbursements a separate non-interest bearing account will be used for CDBG-ED funds. Balances in that account will not exceed \$5,000 for a period of three days. Funds will be transferred to the (name of Local Development Organization) (LDO) account and the (name of Local Development Organization) (LDO) will disperse funds to the borrowers.
- b. Entering all project transactions into the (City/Town/County)'s existing accounting system (BARS) and preparing warrants for approved expenditures.
- c. With the assistance of the Project Administrator, preparing the Request for Payment and Status of Funds Reports to be submitted to MDOC. All drawdown requests will be signed by two of the three following persons: (i.e. Mayor, Director of the County Development Office, President of the City Council).
- d. The (i.e. Project Administrator, the County Development Director and/or City Clerk) will review all proposed expenditures of CDBG-ED funds and will prepare drawdown requests, which will be signed by the officials cited above. All disbursements will be made in accordance with the (City/Town/County) established claim review procedures. Before submitting the claim to the (City/Town/County) Clerk, the Project Administrator will attach a certification to each claim stating that the proposed expenditure is an eligible expense of the (City/Town/County) CDBG-ED grant and consistent with the project budget.
- e. With the assistance of the Project Administrator, preparing the final financial report for project closeout.
- f. Financial record keeping will conform to the recommendations of the MDOC/Local Governmental Services Bureau as described in Chapter 4 of the CDBG Grant Administration Manual. The original financial documents (claims with all supporting documents attached) will be retained in the (Name of Local Government) offices.
- g. With oversight and approval from (Name of Local Government), (name of Local Development Organization) (LDO) will administer the project within the framework of its financial procedures manual. These procedures are designed to ensure the efficient and effective administration of federal grants within the constraints of uniform federal compliance requirements as outlined in OMB Circular A-110 and further codified in 24 CFR 570-502 (Revised as of April 1, 1997).

- h. A separate fund for the project will be set up within the general ledger accounts at (name of Local Development Organization) (LDO). All CDBG-ED activities including revenues, administrative expenditures, loans, and loan repayments will be segregated recorded, and reported in this fund and will be entitled "(Name of Local Government) CDBG-ED Project Fund". The first transaction from the fund will be a loan to (Name of Assisted Business) for (\$xxx,xxx.xx). In conjunction with the loan closing date, the first drawdown from project activity funds will be requested from the (Name of Local Government). (Name of Local Development Organization) (LDO) will prepare the drawdown request and forward it to the (City/Town/County). The (City/Town/County) will review the request in accordance with its normal claim review process, sign the request, and forward it to the MDOC. The loan closing date will be scheduled to coincide with receipt of funds in the (Name of Local Government) account to prevent interest earnings on cash held at either the (Name of Local Government) or (name of Local Development Organization) (LDO) before ultimate loan disbursement to (Name of Assisted Business).
- i. Subsequent draw downs will consist of **administrative payments** from the (Name of Local Government) to the (name of Local Development Organization) (LDO). Administrative payments will consist of reimbursement for actual time and costs incurred. The (name of Local Development Organization) (LDO) will prepare the CDBG-ED draw down and attach a copy of a detailed invoice (example on page M-18). Upon review and approval, the (Name of Local Government) will forward the draw down request to the MDOC. The (Name of Local Government) will reimburse the (name of Local Development Organization) (LDO) for eligible administrative expenses upon receipt of funds from the MDOC.
- j. The CDBG-ED project fund will be audited on a yearly basis in conjunction with (Name of Local Government)'s audit, and the audit will be conducted according to OMB Circular A-133.

## PROGRAM INCOME AND REVOLVING LOAN FUND

Repayments of principal and interest on the note to (Name of Assisted Business) will be deposited in the Revolving Loan Fund (see *RLF Plan*). It is the intent of the (Name of Local Government) and (name of Local Development Organization) (LDO) to maintain net equity in the fund at the original project level, (\$xxx,xxx). Interest earnings will be used to fund administrative expenses and loan loss reserves. The fund will be managed to provide a source of ongoing funding for the (Name of Local Government) projects that impact LMI persons. Before the beginning of each year, (name of Local Development Organization) (LDO) will report the results of operations and the fund's financial position to the (Name of Local Government). At that time, an administrative budget for the following year will also be submitted for review and approval. Based upon (name of Local

**Development Organization)** (LDO) success in program management, the **(City/Town/County)** will authorize administrative expenses for the next year's activity.

If **(name of Local Development Organization)** (LDO) ceases to exist or an event of default occurs, Program Income relating to the CDBG-ED Project, including funds on hand and accounts or notes receivable will revert to the **(Name of Local Government)**.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

PROJECT ADMINISTRATOR:

\_\_\_\_\_  
**(Name, Title)**  
**(name of Local Development Organization)**

\_\_\_\_\_  
Date

**(Name of City, Town or County):**

\_\_\_\_\_  
**(Name, Title of Elected Official)**  
**(Name of Local Government)**

\_\_\_\_\_  
Date



**SAMPLE MANAGEMENT PLAN** (Grant Project Managed by Third-Party Nonprofit)

MONTANA DEPARTMENT OF COMMERCE  
COMMUNITY DEVELOPMENT BLOCK GRANT  
ECONOMIC DEVELOPMENT PROGRAM  
CONTRACT NO. MT-CDBG-ED-xx-xx  
**(Name of Assisted Business)**

In Fiscal Year (xxxx), the **(Name of Local Government)** received a grant from the Montana CDBG-ED Program that will be given to **(Name of Assisted Business)**. New and expanding businesses that receive funds from the CDBG-ED program promise to provide jobs to low and moderate-income (LMI) families in the **(Name of Local Government)**. The **(City/Town/County)** will enter into a Sub-Recipient Agreement with name of **(name of Local Development Organization)** (LDO) for administering the CDBG-ED Project. This Management Plan is written to assure proper management of the CDBG-ED project, which includes financial management of grant funds, compliance with State and federal requirements, and timely start-up and completion of project activities.

**A. ADMINISTRATIVE STRUCTURE**

**1. LOCAL GOVERNMENT GRANTEE**

The **(Name of Local Government)** is an incorporated **(City/Town/County)** with a **(Mayor/Council, City Manager/Council or County Commission)** form of government. The following persons will have lead responsibility for administering the **(City/Town/County)**'s FY (xxxx) Community Development Block Grant-Economic Development (CDBG-ED) Project on behalf of the **(City/Town/County)** to **(Describe Activity Funded)** for **(Name of Assisted Business)**.

- a. **(Name, Local Government Elected Official)**, as the **(City/Town/County)**'s chief elected official, will have responsibility for all official contacts with the Montana Department of Commerce (MDOC). The **(Local Government Elected Official)** and **(Council or Commissioners)** will have the ultimate authority and responsibility for the implementation of the **(Name of Local Government)**'s FY (xxxx) CDBG-ED project for Economic Development to facilitate an expansion of **(Name of Assisted Business)**. The **(Local Government Elected Official)** will approve and sign administrative documents, designate the Environmental Certifying Officer and approve all requests for payment from the CDBG-ED program. The **(Council or Commissioners)** will approve all contracts and drawdown requests. The telephone number for the **(Local Government Elected Official)** and **(Council or Commissioners)** is (406) (xxx-xxxx). **(Email xxxx@xxx)**
- b. **(Name), (City/Town/County) Attorney**, will review any proposed contractual agreements associated with the CDBG-ED Project, advise the **(Council or Commissioners)** regarding the agreements, and provide any other legal guidance as requested. (Telephone: (406) (xxx-xxxx).) **(Email xxxx@xxx)**



- c. (Name), (City/Town/County) Clerk, will be responsible for maintaining records related to the management of the initial CDBG-ED project funds for the (Name of Local Government). (Telephone: (406) (xxx-xxxx).) (Email xxxx@xxx)
- d. (Name), (City/Town/County) (Position (i.e. County Development Office)), will be the liaison between the (name of Local Development Organization) (LDO), the (Council or Commission) members and the (City/Town/County) Attorney. (He/She) will make appropriate recommendations and route all contract documents, administrative documents, and drawdowns as necessary. (He/She) will also be responsible for the Environmental Review process. (Telephone: (406) (xxx-xxxx).) (Email xxxx@xxx)

2. (Name of Local Development Organization) (LDO)

To provide general technical assistance, coordination of funding sources, assurances of compliance with all applicable state and federal requirements for the CDBG-ED program, the (Name of Local Government) has designated the (name of Local Development Organization) (LDO) as its Project Administrator. (Name of Local Development Organization) (LDO) is a not-for-profit 501(c)(3) Local Community Development Agency located in (Name of Local Government). The following (name of Local Development Organization) (LDO) personnel will be responsible for the project:

- a. (Name), Executive Director, will be responsible for all official contacts with the (Name of Local Government) on behalf of (name of Local Development Organization) (LDO), keeping the (name of Local Development Organization) (LDO) Board of Directors apprised of project status, and entering agreements on behalf of (name of Local Development Organization) (LDO). (Telephone: (406) (xxx-xxxx).) (Email xxxx@xxx)
- b. (Name), Project Manager, will be responsible for overall coordination of the CDBG-ED Grant awarded to the (Name of Local Government). (He/She) will establish and maintain complete and accurate project files, monitor all project activities for compliance with all applicable requirements, and supervise the project outreach, intake, application and project selection process. (Telephone: (406) (xxx-xxxx).) (Email xxxx@xxx)
- c. (Name), Fiscal Officer, will be responsible for the fiscal management of the project, in coordination with the Project Manager and in accordance with the (name of Local Development Organization) (LDO) Fiscal Procedures Manual. (He/she) will assure compliance with all applicable federal, state and local requirements, keep all fiscal records and accounts for the (name of Local Development Organization) (LDO), assure coordination of all funding sources, review all project expenditures from the business, process pay requests, draft drawdown requests, and prepare all project closeout documents. (Telephone: (406) (xxx-xxxx).) (Email xxxx@xxx)

## B. PROJECT MANAGEMENT

1. (Name), (City/Town/County), (Position) will:
  - a. Complete the environmental review for each project to assure compliance with National and Montana Environmental Policy Acts
  - b. Complete the Statutory Checklist or Consolidated Environmental Assessment Form, as applicable, and any other applicable environmental requirements
  - c. Prepare any legal notices required to be published for the environmental review process and conduct any required public hearings or informational meetings
  - d. Prepare a request for release of funds to the MDOC
  - e. Assist in the development of a CDBG-ED contract between the (City/Town/County) and the MDOC
  - f. Review, approve, and submit the CDBG-ED drawdown requests, after preparation by (name of Local Development Organization) (LDO) and approval by the (Council or Commissioners), to the CDBG-ED Program, Business Resources Division, Montana Department of Commerce, and ensure disbursement of funds to the (name of Local Development Organization) (LDO) for administrative expenses
  - g. Review and approve all CDBG-ED closeout documents.
2. As a sub-grantee, the Project Administrator, (name of Local Development Organization) (LDO), is responsible for the following day to day project activities:
  - a. Coordinating with the (Name of Local Government) for completion of the environmental review process required of each CDBG-ED project considered for funding to assure full compliance with the National and Montana Environmental Policy Acts and the preparation of any legal notices required to be published for the environmental review process and conducting any required public hearings or informational meetings.
  - b. Assisting the (Name of Local Government) and the MDOC in developing the (Name of Local Government) contract with the MDOC that will address all requirements related to effective project start-up and implementation. This will include preparation of all management agreements between the (Name of Local Government) and the Project Administrator.
  - c. Establishing and maintaining complete and accurate project files and preparing all documentation and reports incidental to administration of the grant

- d. Reviewing all proposed project expenditures or requests for payment from the business to ensure their propriety and proper allocation of expenditures to the CDBG-ED budget.
- e. In cooperation with the (Name of Local Government) project manager, processing quarterly payment requests and preparing drawdown requests to the MDOC, including the Request for Payment and Status of Funds Report and the Project Progress Report
- f. Assuring compliance with applicable civil rights requirements included in the (Name of Local Government)'s adopted equal opportunity plan and fair housing resolution
- g. Preparing all required performance reports and closeout documents for submittal to MDOC and assisting the (Name of Local Government) auditors with the completion of the project's audit requirements
- h. Expending the CDBG-ED funds in a timely fashion in accordance with the project implementation schedule
- i. Monitoring compliance with the requirements of the grant agreement including implementation of the project hiring and training plan, submission of monthly financial statements, and documentation of benefit to low and moderate-income families
- j. Attending (Council or Commissioners) meetings to provide project status reports and representing the CDBG-ED project at any other public meetings as deemed necessary by the (Council or Commissioners)
- k. Developing a means for assisting the ultimate grant recipient with fulfilling the hiring and training plan requirements, including reports to MDOC regarding progress.

## C. FINANCIAL MANAGEMENT

1. The (Name of Local Government) Clerk will be responsible for:
  - a. Establishing a CDBG-ED bank account and transferring CDBG-ED funds from that account to the (Name of Local Government) treasury for disbursements, based on claims and supporting documents approved by the Project Manager and (Council or Commissioners). As the (City/Town/County) uses an interest bearing account for its general disbursements a separate non-interest bearing account will be used for CDBG-ED funds. Balances in that account will not exceed \$5,000 for a period of three days. Funds will be transferred to the (name of Local Development Organization) (LDO) account and the (name of Local Development Organization) (LDO) will disperse funds for (describe activity funded).



- b. Entering all project transactions into the (City/Town/County)'s existing accounting system (BARS) and preparing warrants for approved expenditures.
- c. With the assistance of the Project Administrator, preparing the Request for Payment and Status of Funds Reports to be submitted to MDOC. All drawdown requests will be signed by two of the three following persons: (i.e. Mayor, Director of the County Development Office, President of the City Council).
- d. The (i.e. Project Administrator, the County Development Director and/or City Clerk) will review all proposed expenditures of CDBG-ED funds and will prepare drawdown requests, which will be signed by the officials cited above. All disbursements will be made in accordance with the (City/Town/County) established claim review procedures. Before submitting the claim to the (City/Town/County) Clerk, the Project Administrator will attach a certification to each claim stating that the proposed expenditure is an eligible expense of the (City/Town/County) CDBG-ED grant and consistent with the project budget.
- e. With the assistance of the Project Administrator, preparing the final financial report for project closeout.
- f. Financial record keeping will conform to the recommendations of the MDOC/Local Governmental Services Bureau as described in Chapter 4 of the CDBG Grant Administration Manual. The original financial documents (claims with all supporting documents attached) will be retained in the (Name of Local Government) offices.
- g. With oversight and approval from (Name of Local Government), (name of Local Development Organization) (LDO) will administer the project within the framework of its financial procedures manual. These procedures are designed to ensure the efficient and effective administration of federal grants within the constraints of uniform federal compliance requirements as outlined in OMB Circular A-110 and further codified in 24 CFR 570-502 (Revised as of April 1, 1997).
- h. A separate fund for the project will be set up within the general ledger accounts at (name of Local Development Organization) (LDO). All CDBG-ED activities including revenues and administrative expenditures will be segregated, recorded, and reported in this fund and will be entitled "(Name of Local Government) CDBG-ED Project Fund".
- i. Subsequent draw downs will consist of **administrative payments** from the (Name of Local Government) to the (name of Local Development Organization) (LDO). **Administrative payments will consist of reimbursement for actual time and costs incurred.** The (name of Local



**Development Organization** (LDO) will prepare the CDBG-ED draw down and attach a copy of a detailed invoice (*example on page M-18*). Upon review and approval, the **(Name of Local Government)** will forward the draw down request to the MDOC. The **(Name of Local Government)** will reimburse the **(name of Local Development Organization)** (LDO) for eligible administrative expenses upon receipt of funds from the MDOC.

- j. The CDBG-ED project fund will be audited on a yearly basis in conjunction with **(Name of Local Government)**'s audit, and the audit will be conducted according to OMB Circular A-133.

If **(name of Local Development Organization)** (LDO) ceases to exist or an event of default occurs, Program Income relating to the CDBG-ED Project, including funds on hand and accounts or notes receivable will revert to the **(Name of Local Government)**.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

PROJECT ADMINISTRATOR:

\_\_\_\_\_  
**(Name, Title)**  
**(name of Local Development Organization)**

\_\_\_\_\_  
Date

**(Name of City, Town or County):**

\_\_\_\_\_  
**(Name, Title of Elected Official)**  
**(Name of Local Government)**

\_\_\_\_\_  
Date

**Example of a Local Development Organization's Invoice**  
 (Submitted to the Local Government for  
 CDBG-ED Administrative Services Payment)

**PUNXSUTAWNEY ECONOMIC DEVELOPMENT PROJECT**

**Here-to-Help Staff Project Hours**

January-March 2009

<u>Staff</u>	<u>Hours</u>	<u>Activity</u>	<u>Date Performed</u>
Johnson	4.0	Meet w/ city and engineer (200 travel miles)	1/8/09
Williams	2.0	Reviewed Contracts	1/20/09
Williams	3.0	Reviewed Files, Prepared progress report	2/24/09
Johnson	4.0	Meet w/ CDBG-ED rep at project site (200 travel miles)	3/4/09
Williams	2.0	Prepare drawdown #1 and progress report	3/22/09
<b>Total Hours</b>	Williams 7.0 Johnson 8.0		
Williams	7.0 hours @ \$40/hour		\$280.00
Johnson	8.0 hours @ \$60/hour		\$480.00
Travel to City and Project site (400 mi. @ \$.485/mi.)			<u>\$194.00</u>
Invoice Total:			\$954.00

See the attached additional documentation substantiating the charges.

## APPENDIX N

<u>Page</u>	
<b>N-2</b>	<b>PART I -- SOURCES OF FUNDS STATEMENT</b>
<b>N-3</b>	<b>PART II -- USES OF FUNDS</b>
<b>N-4</b>	<b>PART I -- SOURCES OF FUNDS STATEMENT (EXAMPLE)</b>
<b>N-5</b>	<b>PART II -- USES OF FUNDS (EXAMPLE)</b>
<b>N-6</b>	<b>PRO-FORMA BALANCE SHEET</b>

## PART I - SOURCES OF FUNDS STATEMENT

- Please list sources of funding for the project. List both the funding source and the agency that administers the fund, if applicable.
- Include financing (loans and loan guarantees), grants, donations, and equity. Attach letters of commitment.
- Identify each source by **DESCRIPTION CODE** using the codes listed below.
- Indicate in the **COMMITMENT STATUS** column whether (P) - Proposed, (R) - Requested, or (A) - Approved (Include commitment/approval documentation)

### LIST ALL SOURCES OF PROJECT FUNDING

SOURCE ↓	AMOUNT (PRINCIPAL \$)	DESCRIP- TION CODE	COMMIT- MENT STATUS	RATE (%)	LOAN TERM (YRS)	AMORTI- ZATION PERIOD (YEARS)	ANNUAL DEBT SERVICE	COLLATERAL	
								TYPE	VALUE
1.a. CDBG ADMIN									
1.b. CDBG ACTIVITY									
2.									
3.									
4.									
5.									
6.									

### DESCRIPTION CODES

1. Conventional Bank Loan	6. USDA IRP Program	11. SBA 7A
2. Equity	7. MBOI-Purchase of Federal Guaranteed Loan	12. SBA 504
3. USDA RD B&I Guarantee Loan	8. MBOI-Linked Deposit	13. Growth thru Agriculture
4. USDA RD Direct Loan Program	9. MBOI-Business Loan Participation	14. Local RLF
5. USDA RD REDL&G Program	10. EDA	15. Other (specify) _____

**NOTE: TOTAL SOURCES OF FUNDS MUST EQUAL TOTAL USES OF FUNDS!**



## PART II - USES OF FUNDS

SOURCE(S) →	1. Total CDBG	2.	3.	4.	5.	6.	TOTAL PROJECT BUDGET
<b>ADMINISTRATION</b>							
Personal Services							\$
Supplies							\$
Communications							\$
Printing/Duplication/Postage							\$
Advertising/Auditing							\$
Travel/Training							\$
Consulting Services							\$
Other Administration (specify)							\$
<b>TOTAL ADMINISTRATION COSTS</b>	\$	\$	\$	\$	\$	\$	\$
<b>ACTIVITY</b>							
Architecture/Engineering Costs							\$
Construction							\$
Machinery/Equipment							\$
Working Capital							\$
Other (specify)							\$
							\$
<b>TOTAL ACTIVITY COSTS</b>	\$	\$	\$	\$	\$	\$	\$
<b>TOTAL PROJECT COSTS</b>	\$	\$	\$	\$	\$	\$	\$

**NOTE: TOTAL USES OF FUNDS MUST EQUAL TOTAL SOURCES OF FUNDS!**

PART I - SOURCES OF FUNDS STATEMENT (EXAMPLE)

- Please list sources of funding for the project. List both the funding source and the agency that administers the fund, if applicable.
- Include financing (loans and loan guarantees), grants, donations, and equity. Attach letters of commitment.
- Identify each source by **DESCRIPTION CODE** using the codes listed below.
- Indicate in the **COMMITMENT STATUS** column whether (P) - Proposed, (R) - Requested, or (A) - Approved (Include commitment/approval documentation)

LIST ALL SOURCES OF PROJECT FUNDING										
SOURCE ↓	AMOUNT (PRINCIPAL \$)	DESCRIP- TION CODE	COMMIT- MENT STATUS	RATE (%)	LOAN TERM (YRS)	AMORTI- ZATION PERIOD (YEARS)	ANNUAL DEBT SERVICE	COLLATERAL		
								TYPE	VALUE	POSITION
1.a. CDBG ADMIN	27,400									
1.b. CDBG ACTIVITY	360,000	N/A	R	8%	7	7	64,511	New Mach. & Equip.	400,000	1st
2. City of Sunrise	50,000	14	A	6%	15	15	5,063	All Mach & Equip	275,000	2nd
3. Equity	240,000	N/A	A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4. XYZ Bank	86,000	1	R	10%	10	10	13,638	Existing Mach/Equip & Building	275,000	1st
5.										
6.										

DESCRIPTION CODES

1. Conventional Bank Loan	6. USDA IRP Program	11. SBA 7A
2. Equity	7. MBOI-Purchase of Federal Guaranteed Loan	12. SBA 504
3. USDA RD B&I Guarantee Loan	8. MBOI-Linked Deposit	13. Growth thru Agriculture
4. USDA RD Direct Loan Program	9. MBOI-Business Loan Participation	14. Local RLF
5. USDA RD REDL&G Program	10. EDA	15. Other (specify)

NOTE: TOTAL SOURCES OF FUNDS MUST EQUAL TOTAL USES OF FUNDS!

## PART II - USES OF FUNDS (EXAMPLE)

SOURCE(S) →	2. Total CDBG	3. City of Sunrise	3. Equity	4. XYZ Bank	5.	6.	TOTAL PROJECT BUDGET
<b>ADMINISTRATION</b>							
Personal Services	2,000						\$ 2,000
Supplies	50						\$ 50
Communications	50						\$ 50
Printing/Duplication/Postage	50						\$ 50
Advertising/Auditing	250						\$ 250
Travel/Training							
Consulting Services	25,000						\$ 25,000
Other Administration ( <i>specify</i> )							\$
<b>TOTAL ADMINISTRATION COSTS</b>	<b>\$ 27,400</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 27,400</b>
<b>ACTIVITY</b>							
Architecture/Engineering Costs							\$
Construction							\$
Machinery/Equipment	360,000		40,000				\$ 400,000
Working Capital		50,000		86,000			\$ 136,000
Other ( <i>newly construction building</i> )			200,000				\$ 200,000
							\$
<b>TOTAL ACTIVITY COSTS</b>	<b>\$ 360,00</b>	<b>\$ 50,000</b>	<b>\$ 240,000</b>	<b>\$ 86,000</b>	<b>\$</b>	<b>\$</b>	<b>\$ 736,000</b>
<b>TOTAL PROJECT COSTS</b>	<b>\$ 387,400</b>	<b>\$ 50,000</b>	<b>\$ 240,000</b>	<b>\$ 86,000</b>	<b>\$</b>	<b>\$</b>	<b>\$ 763,400</b>

**NOTE: TOTAL USES OF FUNDS MUST EQUAL TOTAL SOURCES OF FUNDS!**





# SAMPLE BALANCE SHEET

Business: \_\_\_\_\_

Financial Summary				
Fiscal Year Ending: _____		Statements (check one) <input type="checkbox"/> Audited <input type="checkbox"/> Review <input type="checkbox"/> Compilation		
BALANCE SHEET	AS OF:	ADJUSTMENTS		ADJ. FINANCIAL DATA (Pro Forma)
		Debits	Credits	
<b>ASSETS</b>				
Cash				0
Accounts Receivable				0
Inventory				0
Other				0
Total Current Assets				
Fixed Assets				0
Other Assets				0
<b>Total Assets</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>LIABILITIES &amp; NET WORTH</b>				
Accounts payable				0
* Notes Payable				0
Taxes/Accruals				0
Private Lender (current portion)				0
MDOC (current portion)				0
Other <i>Tax Credit</i>				0
Total Current Liabilities			\$0	\$0
Notes Payable				0
Private Lender (L-T portion)				0
MDOC (L-T portion)				0
Other <i>Stockholdr Liens</i>				0
<b>Total Liabilities</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Net Worth</b>				0
<b>Total Liabilities &amp; Net Worth</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Rate Analysis (use pro forma column)				
	Business	Industry Averages		MDOC Use Only
Debt/Net Worth Ratio	#DIV/0!			
Net Working Capital	0			
Current Ratio	#DIV/0!			
Other:				
Balance Sheet Comments/Adjustments (e.g., goodwill, intangibles, etc.)				

\* Notes Payable: include any existing current portion of long-term debt



Business: \_\_\_\_\_

Financial Summary				
Fiscal Year Ending: _____		Statements (check one) <input type="checkbox"/> Audited <input type="checkbox"/> Review <input type="checkbox"/> Compilation		
BALANCE SHEET	AS OF:	ADJUSTMENTS		ADJ. FINANCIAL DATA (Pro Forma)
		Debits	Credits	
<b>ASSETS</b>				
Cash				0
Accounts Receivable				0
Inventory				0
Other				0
Total Current Assets				\$0
Fixed Assets				0
Other Assets				0
<b>Total Assets</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>LIABILITIES &amp; NET WORTH</b>				
Accounts payable				0
* Notes Payable				0
Taxes/Accruals				0
Private Lender (current portion)				0
MDOC (current portion)				0
Other				0
Total Current Liabilities				\$0
Notes Payable				0
Private Lender (L-T portion)				0
MDOC (L-T portion)				0
Other				0
<b>Total Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Net Worth</b>				<b>\$0</b>
<b>Total Liabilities &amp; Net Worth</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Rate Analysis (use pro forma column)			MDOC Use Only	
	Business	Industry Averages		
Debt/Net Worth Ratio	_____	_____	_____	_____
Net Working Capital	0	_____	_____	_____
Current Ratio	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
Balance Sheet Comments/Adjustments (e.g., goodwill, intangibles, etc.)				

\* Notes Payable: include any existing current portion of long-term debt





Business: \_\_\_\_\_

Financial Summary				
Fiscal Year Ending: _____		Statements (check one) <input type="checkbox"/> Audited <input type="checkbox"/> Review <input type="checkbox"/> Compilation		
BALANCE SHEET	AS OF:	Debits	ADJUSTMENTS Credits	ADJ. FINANCIAL DATA (Pro Forma)
<b>ASSETS</b>				
Cash				
Accounts Receivable				
Inventory				
Other				
Total Current Assets				
Fixed Assets				
Other Assets				
<b>Total Assets</b>				
<b>LIABILITIES &amp; NET WORTH</b>				
Accounts payable				
* Notes Payable				
Taxes/Accruals				
Private Lender (current portion)				
MDOC (current portion)				
Other				
Total Current Liabilities				
Notes Payable				
Private Lender (L-T portion)				
MDOC (L-T portion)				
Other				
<b>Total Liabilities</b>				
<b>Net Worth</b>				
<b>Total Liabilities &amp; Net Worth</b>				
Rate Analysis (use pro forma column)			MDOC Use Only	
	Business	Industry Averages		
Debt/Net Worth Ratio				
Net Working Capital				
Current Ratio				
Other: _____				
Balance Sheet Comments/Adjustments (e.g., goodwill, intangibles, etc.)				

\* Notes Payable: include any existing current portion of long-term debt



## APPENDIX O

### SAMPLE HIRING AND TRAINING PLAN

In consideration of the financial assistance provided by (Name of Local Government)'s CDBG-ED Program through the Revolving Loan Fund (RLF) administered by the (Name of Local Development Organization), (Name of Assisted Business) agrees to participate in a hiring and training plan that is an integral part of the Loan Agreement. The company will be responsible for implementing the plan, and will be assisted by the Montana Job Service and (Name of Local Development Organization).

1. **LOW AND MODERATE-INCOME BENEFIT:** As a result of the loan assistance provided by the Montana CDBG-ED Program, the company will create (Number) full-time equivalent jobs by the end of the second year of the project. The company will make all job openings available to low and moderate-income persons, and will use the most recent low and moderate-income guidelines provided by the Montana Department of Commerce to determine eligibility for this status. The company will hire at least (Number) low and moderate-income persons during the two-year duration of the project.
2. **OVERALL EMPLOYMENT:** The (Name and description of Assisted Business) will be located in (Location) and operations at that facility will employ a total of (Number) persons by the end of the second year of the project.
3. **HIRING AND TRAINING PRACTICES:** A personnel coordinating committee will be formed that will include representatives from the Montana Job Service, (Name of Local Development Organization, Name of Assisted Business, or Other Entity, i.e. District HRDC). The committee will assess training needs, develop application and referral procedures, and ensure that hiring practices conform to requirements of Title VI of the Civil Rights Act of 1964, Section 109 of the Housing and Community Development Act of 1974, the Age Discrimination Act of 1974, and the Americans with Disabilities Act.

The committee will establish coordination of services that benefit low and moderate-income persons including necessary skills, training, employment counseling, job retention skills, and supportive services.

In all of its hiring practices, the company will abide by the provisions of Title VI of the Civil Rights Act of 1964, which states that no person may, on the grounds, of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

The company will also comply with Section 109 of the Housing and Community Development Act of 1974, which states that:

"No persons in the U.S. may, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefit of, or be subjected to

discrimination under any program or activity funded in whole or in part with funds made available under this title. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1974 or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973 will also apply to such program or activity."

4. **REPORTS AND RECORD KEEPING:** (Name of Assisted Business) will ask each new employee to complete an income survey form and ethnicity/racial category form, so that the designated representatives of the (Name of Local Government) can determine the low and moderate-income status and ethnicity/racial category of the company's employees prior to the date of hire, (see attached copies). In addition to this documentation, the (Name of Local Government Job Service) will maintain an applicant pool for the company, with special codes assigned to applicants interested in working at the company. Before referral to the company, all applicants will be screened for income eligibility for job training assistance, tax credit incentives, and CDBG-ED low and moderate-income status. The company will provide a list of its employees to the (Name of Local Government)'s designated representative no less than every three (3) months during the two-year duration of the project.
5. **ACCEPTANCE:** (Name of Assisted Business) hereby agrees to abide by the hiring and training provisions described herein.

(Name, Business Title, i.e. President)

\_\_\_\_\_  
Date



**(Name of Assisted Business)**  
**(Address of Business)**  
**(Phone Number of Business)**

***Example of how jobs should be listed:***

<b><u>JOB TITLE</u></b>	<b><u># OF POS.</u></b>	<b><u>JOB DESCRIPTION</u></b>	<b><u>POS. #</u></b>	<b><u>PROJECTED WORK TIME</u></b>	<b><u>FTE</u></b>	<b><u>PROJ. COMPEN.</u></b>
1. Toolpusher	1	Oil & Gas Drilling Rig	001	1600 Hrs/Yr	0.75	\$11.50/Hr
2. Driller	6	Oil & Gas Drilling Rig	002-007	1600 Hrs/Yr	0.75	\$11.10/Hr
3. Floor Hand 1	6	Oil & Gas Drilling Rig	008-013	1600 Hrs/Yr	0.75	\$9.00/Hr
4. Floor Hand 2	6	Oil & Gas Drilling Rig	014-019	1600 Hrs/Yr	0.75	\$8.50/Hr
5. Bookkeeper	1	Basic Accounting	020	2080 Hrs/Yr	1.0	\$7.50/Hr
6. Data Entry Clerk	1	Computer Data Input	021	2080 Hrs/Yr	1.0	\$6.50/Hr
7. Land Secretary	1	Oil & Gas Records	022	2080 Hrs/Yr	1.0	\$7.50/Hr
8. Receptionist/Sec.	1	General Secretarial	023	2080 Hrs/Yr	1.0	\$6.00/Hr
9. Revenue Accountant	1	Gas Revenue Accounting	024	2080 Hrs/Yr	1.0	\$8.50/Hr
10. Skilled Labor	2	Assembling Air Compressors	025-026	2080 Hrs/Yr	1.0	\$8.25/Hr
11. Welder	1	General Equipment Maintenance & Fabricator	027	2080 Hrs/Yr	1.0	\$12.00/Hr
12. Truck Driver	1	Moving Oil Field Equipment & Driving Water Truck	028	1600 Hrs/Yr	0.75	\$8.00/Hr

Total FTE

23

Positions will be paid every two weeks.

Position 001: Oil field drilling and management experience necessary.  
 Position 002: Oil field drilling experience preferred.  
 Position 003 - 019: Oil field experience preferred.  
 Position 020: Some accounting experience preferred.  
 Position 021: Computer experience necessary  
 Position 022: Secretarial and computer skills necessary. Knowledge of land descriptions advantageous.  
 Position 023: Secretarial and computer skills necessary.  
 Position 024: Accounting experience needed.  
 Position 025-026: Mechanical experience necessary.  
 Position 027: Two years welding experience or Technical Training necessary.  
 Position 028: Current commercial driver's license and Department of Transportation physical required.

## **SAMPLE HIRING AND TRAINING PLAN FOR CUSTOMIZED EMPLOYEE TRAINING**

In consideration of the financial assistance provided by (Name of Local Government)'s CDBG-ED Program through the grant administered by the (Name of Local Development Organization), (Name of Assisted Business) agrees to participate in a hiring and training plan that is an integral part of the grant agreement. The company will be responsible for implementing the plan, and will be assisted by the Montana Job Service and (Name of Local Development Organization).

1. **LOW AND MODERATE-INCOME BENEFIT:** As a result of the grant assistance provided by the Montana CDBG-ED Program, (Name of Assisted Business) will create (Number) full-time equivalent (FTE) jobs by the end of the second year of the project. The company will make a minimum of (Number) FTE job openings available to low and moderate-income persons, and will use the most recent low and moderate-income guidelines provided by the Montana Department of Commerce to determine eligibility for this status. To ensure that the jobs created are made available to low and moderate-income households, the company will use the Montana Job Service for referrals.
2. **OVERALL EMPLOYMENT:** (Name of Assisted Business) is located in (Location) and will employ a total of (Number) through its operations by the end of the second year of the project. The job breakdown is estimated at (List jobs and numbers for each).
3. **HIRING PRACTICES:** Employees are required to (List skills needed for new hires).
4. **TRAINING PRACTICES:** (Name of Assisted Business) will hire and train employees to (List end result of training). A complete copy of the training manual has been submitted to (Name of Local Government), and is attached as Attachment A. In summary, when an employee is hired, he/she is given training to (Give greater detail on the type of training given and the skills to have been acquired at the end of the training period).
5. **REIMBURSEMENT FOR TRAINING ACTIVITIES:** (Name of Assisted Business) will pay trainees (\$xx) per hour during the training and probationary periods. The company has determined that it will take (Number) hours to complete the initial training program and an additional (Number) hours to complete the probationary period. The total cost of training one (1) employee is (\$xx) ((Number) hours at (\$xx) per hour). Once the trainee has satisfactorily completed the training and probationary periods, (Name of Assisted Business) agrees to pay the trained employee a compensation package of salary or salary and benefits totaling (\$xx.xx) (minimum amount required for 2009 projects) per hour.

(Name of Local Government) agrees to reimburse (Name of Assisted Business) (\$xx) for each full time equivalent (FTE), up to (Number) FTEs, not to exceed (\$xx),

that have successfully completed the training program and probationary period, are working at least 40 hours per week, and are receiving the minimum compensation package of salary **or** salary and benefits totaling (\$xx.xx) per hour. (Note: An FTE is defined as an employee, or combination of employees, that works 2,080 hours per year or 40 hours per week.)

6. **COMPLIANCE WITH EQUAL OPPORTUNITY AND NONDISCRIMINATION LAWS:** In all of its hiring practices, (Name of Assisted Business) will abide by the provisions of Title VI of the Civil Rights Act of 1964, which states that no person may, on the grounds, of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

(Name of Assisted Business) will also comply with Section 109 of the Housing and Community Development Act of 1974, which states that:

*No persons in the U.S. may, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1974 or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973 will also apply to such program or activity.*

7. **REPORTS AND RECORD KEEPING:** (Name of Assisted Business) will ask each applicant to complete an income survey form and ethnicity/racial category form, so that the designated representatives of the (Name of Local Government), and (Name of Local Development Organization), can determine the low and moderate-income status and ethnicity/racial category of the company's employees at the time of hire. In addition to this documentation, the (Name of Local Government Job Service) will maintain an applicant pool for the company, with special codes assigned to applicants interested in working at the company. Before referral to the company, all applicants will be screened for income eligibility for job training assistance, tax credit incentives, and CDBG-ED low and moderate-income status. The company will provide a list of its employees to the (Name of Local Development Organization) no less than every three (3) months during the two-year duration of the project. The report must document that a compensation package of salary **or** salary and benefits totaling (\$xx.xx) per hour was paid to each employee after completion of the training program and probationary period.

8. **SECURITY:** (Name of Assisted Business) agrees that in the event it does not make jobs available to low and moderate-income persons, and it ceases operation in the (City/Town/County) within the first (Number) years—the Montana Department of Commerce contract period—the company will reimburse the (City/Town/County) for the full amount of the MDOC labor training grant funds it has received.

9. **ACCEPTANCE:** (Name of Assisted Business) hereby agrees to abide by the hiring and training provisions described herein.

\_\_\_\_\_  
(Name, Title)  
(Name of Assisted Business)

\_\_\_\_\_  
(Name, Title)  
(Name of Local Government)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Name, Title)  
(Local Development Organization)

\_\_\_\_\_  
Date



(Name of Assisted Business)  
(Address of Business)  
(Phone Number of Business)

**Example of how jobs should be listed:**

<u>JOB TITLE</u>	<u># OF POS.</u>	<u>JOB DESCRIPTION</u>	<u>POS. #</u>	<u>PROJECTED WORK TIME</u>	<u>FTE</u>	<u>PROJ. COMPEN.</u>
1. Toolpusher	1	Oil & Gas Drilling Rig	001	1600 Hrs/Yr	0.75	\$11.50/Hr
2. Driller	6	Oil & Gas Drilling Rig	002-007	1600 Hrs/Yr	0.75	\$11.10/Hr
3. Floor Hand 1	6	Oil & Gas Drilling Rig	008-013	1600 Hrs/Yr	0.75	\$9.00/Hr
4. Floor Hand 2	6	Oil & Gas Drilling Rig	014-019	1600 Hrs/Yr	0.75	\$8.50/Hr
5. Bookkeeper	1	Basic Accounting	020	2080 Hrs/Yr	1.0	\$7.50/Hr
6. Data Entry Clerk	1	Computer Data Input	021	2080 Hrs/Yr	1.0	\$6.50/Hr
7. Land Secretary	1	Oil & Gas Records	022	2080 Hrs/Yr	1.0	\$7.50/Hr
8. Receptionist/Sec.	1	General Secretarial	023	2080 Hrs/Yr	1.0	\$6.00/Hr
9. Revenue Accountant	1	Gas Revenue Accounting	024	2080 Hrs/Yr	1.0	\$8.50/Hr
10. Skilled Labor	2	Assembling Air Compressors	025-026	2080 Hrs/Yr	1.0	\$8.25/Hr
11. Welder	1	General Equipment Maintenance & Fabricator	027	2080 Hrs/Yr	1.0	\$12.00/Hr
12. Truck Driver	1	Moving Oil Field Equipment & Driving Water Truck	028	1600 Hrs/Yr	0.75	\$8.00/Hr
Total FTE					<u>23</u>	

Positions will be paid every two weeks.

Position 001: Oil field drilling and management experience necessary.  
 Position 002: Oil field drilling experience preferred.  
 Position 003 - 019: Oil field experience preferred.  
 Position 020: Some accounting experience preferred.  
 Position 021: Computer experience necessary  
 Position 022: Secretarial and computer skills necessary. Knowledge of land descriptions advantageous.  
 Position 023: Secretarial and computer skills necessary.  
 Position 024: Accounting experience needed.  
 Position 025-026: Mechanical experience necessary.  
 Position 027: Two years welding experience or Technical Training necessary.  
 Position 028: Current commercial driver's license and Department of Transportation physical required.



## APPENDIX P

### PROJECT IMPLEMENTATION SCHEDULE (Name of Locality and Assisted Business)

#### PROJECT START-UP

Submit Complete Application	<u>(Month, Year)</u>
Establish Project Files	<u>(Month, Year)</u>
Prepare Management Plans/Prog. Inc.	<u>(Month, Year)</u>
Prepare Environmental Review Record	<u>(Month, Year)</u>
Finalize Contract with MDOC	<u>(Month, Year)</u>

#### PROJECT IMPLEMENTATION

Negotiate Loan Agreement	<u>(Month, Year)</u>
Submit Draft Loan Agreement to MDOC	<u>(Month, Year)</u>
Final Loan Agreement after MDOC approval	<u>(Month, Year)</u>
Document 51% LMI Benefit for Retained Jobs	<u>(Month, Year)</u>
MDOC Release of Funds	<u>(Month, Year)</u>
Submit First Drawdown	<u>(Month, Year)</u>
Reports to MDOC	Quarterly
Obtain & Submit Financial Statements to MDOC	Quarterly

#### PROJECT CLOSE-OUT

Project Audited as Part of Organization-wide	
Audit of the Local Government	<u>(Month, Year)</u>
Submit Audit to CDBG Program Officer	<u>(Month, Year)</u>
Conditional Close-out	<u>(Month, Year)</u>
Submit Audit Report to MDOC	<u>(Month, Year)</u>
Final Close-out	<u>(Month, Year)</u>





## Appendix Q

### MONTANA DEPARTMENT OF COMMERCE COMMUNITY DEVELOPMENT BLOCK GRANT ECONOMIC DEVELOPMENT PROGRAM CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

THIS CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT ("Agreement") is made as of the (day) day of (month), (year), by and between (Name of Company) ("Company") and its affiliates and the Montana Department of Commerce ("MDOC") and its affiliates.

WHEREAS, the MDOC has requested and/or may request verbal and written information from the Company and its affiliates regarding the Company and certain of its affiliates and Project including without limitation the proposed (Project Description) to be located in (name of City, Town, or County), Montana incident to discussions concerning one or more possible grants for the benefit of the Company. The MDOC will accept a copy of the Business Plan and any supporting documentation submitted by the Company.

NOW, THEREFORE, in consideration of the premises and the disclosure of such information, each Party hereby, intending to be legally bound, agrees to the following provisions:

1. The Company understands and agrees that, pursuant to the Montana Supreme Court's decision in *Great Falls Tribune v. Public Service Commission*, 319 Mont. 38, 82 P.3d 876 (2003), all documents filed with the MDOC by the Company are presumptively available for access by the public under the "right to know" provision of Article 2, Section 9 of the Montana Constitution. Under the decision, however, the presumption that all documents filed by the Company with the MDOC are public may be overcome by the proper showing, consistent with the court's decision.
2. If the Company submits documents or information to the MDOC that it considers confidential and wishes the documents or information to be withheld from public disclosure, it will identify which part of the documents or information it considers confidential at the time the documents or information are submitted. The Company will identify the confidential items through an affidavit that clearly states the facts upon which it believes the documents or information should be withheld from public disclosure. The stated facts must be specific enough so that reviewing authorities can clearly understand the nature and basis of the Company's claims to the right of confidentiality. A statement that all documents or information submitted by the Company are confidential, or other conclusory statements, will be ineffective to prevent public disclosure. The Company understands and agrees that the affidavit it submits is subject to public disclosure.

3. If individual documents or information are not specified as confidential or the affidavit is factually insufficient to support confidentiality, the MDOC will deem the documents or information submitted as subject to public disclosure.

4. The MDOC will take reasonable steps to protect documents or information designated as confidential and for which the Company submitted an affidavit clearly stating the factual basis for the claim of confidentiality. Upon receiving a written request from a third party to review any confidential documents or information, the MDOC will notify the Company of the request in writing. The written notice provided by MDOC will enclose a copy of the third party request. The written notice and third party request will be sent by U.S. mail and by fax to the following addresses and fax numbers:

To (Name of Company): (Company Address)  
Attention: (Name of Company Contact)  
Fax #: (Fax Number)

with a copy to: (Address)  
(If required) Attention: (Name of Contact)  
Fax #: (Fax Number)

5. It is the responsibility of the Company upon receipt of the written notice from MDOC to take such action as is necessary to protect the documents or information from disclosure, including obtaining a court order protecting the documents or information from disclosure if necessary. If the MDOC does not receive an order from a court of competent jurisdiction ordering the MDOC to maintain confidentiality of the requested information or the MDOC is not notified of other arrangements made between the Company and the requesting party within 10 days from the date of the written notice by the MDOC to the Company of the third party request, the information will be disclosed to the requesting party, notwithstanding the affidavit. The MDOC will not assert the right of confidentiality for the Company in any court, whether sitting at law or in equity.

6. The Company agrees that in the event MDOC discloses documents or information in accordance with the provisions of this Agreement, the Company will not assert any claim, liability, demand, or cause of action against MDOC for a violation of any confidentiality interest in any documents or information that it has submitted to MDOC.

7. The Company agrees it will defend, indemnify, and save harmless the MDOC against and from any and all claims, liabilities, demands, causes of action, judgments, damages, and losses, including costs and attorneys' fees associated with any action for release of documents or information submitted to MDOC by the Company, whether such action is brought in the name of the Company or a third party.

8. The Workforce Training Grant Program is a state program managed by the MDOC and is subject to audit and monitoring reviews by state officials. The MDOC is required by state regulations and laws to provide access to state audit and monitoring officials in order to document compliance with applicable state regulations and laws. In the event

and to the extent access to information provided to the MDOC by the Company related to the Workforce Training Grant program and otherwise subject to this Agreement is requested by state auditors, the Company agrees that the MDOC may disclose such information to such auditors, provided that (a) such information is used only by such auditors for the purposes set forth in the previous sentence, and for no other purposes whatsoever; and (b) such information in the possession of or otherwise disclosed to such auditors shall remain subject to the provisions of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives as of the date first above written.

**(Name of Company)**

By: \_\_\_\_\_

Date \_\_\_\_\_

Name: **(Name)**

Title: **(Title)**

MONTANA DEPARTMENT OF COMMERCE

By: \_\_\_\_\_

Date \_\_\_\_\_

Name: Anthony J. Preite

Title: Director

APPROVED BY:

\_\_\_\_\_  
Attorney for the Department



## AFFIDAVIT

State of Montana)

: ss.

County of \_\_\_\_\_)

COMES NOW, (Company Official), being first duly sworn upon his oath, deposes and states as follows:

That (he/she) is the (Title) of (Company) and offers the following in support of (Company)'s claim of confidentiality for information submitted in support of its application to the Montana Department of Commerce for Workforce Training Grant funds:

1. I am the (Title) of (Company) and offer the following in support of (Company)'s claim of confidentiality for information submitted to the Montana Department of Commerce.

2. (Company) claims that the document titled (Business Plan) is confidential and should be withheld from public disclosure as it contains information developed by (Company) concerning its business forecasts and assessments. This information is consistently maintained by (Company) as confidential business information and if disclosed could prejudice (Company)'s competitive position and could result in financial losses to (Company).

3. (Company) claims that the documents titled (Financial Statements), including (List Here), are confidential and should be withheld from public disclosure as they contain information developed by (Company) concerning its financial condition, including product revenues and cost of production information and other confidential pricing information. This information is consistently maintained by (Company) as confidential business information and if disclosed could prejudice (Company)'s competitive position and could result in financial losses to (Company).

\_\_\_\_\_  
(Company Official)

This instrument was acknowledged before me on the \_\_\_\_ day of (Month), 20\_\_\_\_ by (Company Official).

(Seal)

Printed Name: \_\_\_\_\_

Notary Public for the State of \_\_\_\_\_

Residing at \_\_\_\_\_

My commission expires: \_\_\_\_\_



## APPENDIX R

### SAMPLE INTERLOCAL AGREEMENT

THIS CONTRACT is entered into by (Insert Name of County) County, herein referred to as "the County," and the (Insert Name of City) City, herein referred to as "the City."

WITNESSETH THAT:

WHEREAS, the County and the City are the recipients of a Community Development Block Grant – Economic Development (CDBG-ED) Program grant received as a result of a jointly submitted application for grant funds to provide a business assistance loan to (Name of Business); and

WHEREAS, this Contract between the County and the City will enable them to enhance cooperation in implementing the County's and City's CDBG-ED award to accomplish the above-described project; and

WHEREAS, the County and City have agreed to enter into a Sub-Recipient Agreement with (Name of Local Development Organization) to administer the grant and to sub-grant program income resulting from repayment of principal and interest on the loan to (Name of Local Development Organization) to establish and administer a revolving loan fund account for the County; and

WHEREAS, the County and City have determined that the County, in its capacity as a CDBG-ED grantee, is in the best position to supervise the implementation of the grant through (Name of Local Development Organization); and

WHEREAS, the Montana Department of Commerce has required the County to enter into a contract with the City specifying the terms and conditions of the City's delegation of certain CDBG-ED responsibilities to the County; and

WHEREAS, both parties to this Contract understand that neither local government involved herein has in any way, expressly or implied, abrogated any of its individual powers, and that this Contract does not create any new organization or legal entity.

NOW, THEREFORE, THE COUNTY AND THE CITY MUTUALLY AGREE AS FOLLOWS:

- I. Responsibilities Delegated to the City and County
  - A. The City and County will show compliance with all applicable state and federal requirements contained in the Certifications for Application submitted to the Montana Department of Commerce with the joint City-

County application for CDBG-ED assistance, dated (Enter date of CDBG-ED application).

- B. The City and County will show compliance with all other applicable state and federal requirements as described in the Montana Community Development Block Grant Program Grant Administration Manual.
- C. During the term of this Contract, the County will maintain reasonable records of its performance hereunder in a manner consistent with generally accepted accounting principles. The County will allow the City and the Montana Department of Commerce and their authorized representative's access to these records at any time during normal business hours. At the request of the City, the County will submit to the City, in the format prescribed by the City, status reports on its performance under this Contract.

## II. Duration of the Contract

- A. This Contract takes effect when the following conditions are satisfied:
  - 1. The Montana Department of Commerce, County, and City have executed the CDBG-ED Contract;
  - 2. All requirements of the environmental review process have been satisfied;
  - 3. The Montana Department of Commerce has approved the County's "Request for Release of Funds and Certification";
  - 4. The County's attorney and the attorney for the City have approved this Contract as to form and content; and
  - 5. The County Board of Commissioners and the City Council have each reviewed this Contract and agreed fully to its terms and conditions.
- B. This Contract will terminate 90 days after the CDBG-ED program grant contract has been completed and closed in a manner acceptable to the Montana Department of Commerce.

## III. Administration

- A. The primary purpose of this Contract is to allow the City to delegate responsibility for any and all administration of this project to the County and the Sub-Recipient (Name of Local Development Organization).

- B. For purposes of implementing the joint undertaking established by this Contract, the County's Board of Commissioners and the City Council hereby agree to enter into a Grant Management Plan and Sub-Recipient Agreement with (Name of Local Development Organization) (attached as Exhibits A and B) to provide for the efficient and effective implementation of this Contract and the activities contained herein.
- C. The County will comply with the federal administrative requirements contained in 24 Code of Federal Regulations (CFR), section 570.502, as applicable.
- D. The County will carry out each activity under this Contract in compliance with all federal laws and regulations described in 24 CFR sections 570.600 through 570.612 (Subpart K), except that:
  - 1. The County does not assume the City's environmental responsibilities described at 24 CFR section 570.604, and
  - 2. The County does not assume the City's responsibility for initiating the review process under the provisions of 24 CFR Part 58.
- E. The City and County agree that all funds received through the state for administration or to fund the activities shall be passed through to the Sub-Recipient; that all activity funds received as a result of this grant shall be made available to (Name of Assisted Business), and that all program income received as a result of payment of principal and interest to the loan fund will be sub-granted to the Sub-Recipient to establish and maintain a revolving loan fund for the County.

#### VI. Indemnification

The County waives any and all claims and recourse against the City, including the right of contribution for loss or damage to persons or property arising from, growing out of or in any way connected with or incident to the County's performance of this Contract except claims arising from the concurrent or sole negligence of the City or its officers, agents, or employees. The County will indemnify, hold harmless, and defend the City against any and all claims, demands, damages, costs, expenses, or liability arising out of the County's performance of this Contract except for liability arising out of the concurrent or sole negligence of the City or its officers, agents, or employees.

## VII. Suspension and Termination

In accordance with 24 CFR 85.43, the County may suspend or terminate this Contract if the City materially fails to comply with any term of the City/County's CDBG-ED grant agreement with the Montana Department of Commerce. In addition the County may terminate this Contract for convenience in accordance with 24 CFR 85.44.

This Contract has been approved by the County's Board of Commissioners and the City Council.

(Name of County) Commissioners

(Name of) City

\_\_\_\_\_  
*Commission Chair*

\_\_\_\_\_  
Mayor or City Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
*Commissioner*

Date: \_\_\_\_\_

\_\_\_\_\_  
*Commissioner*

Date: \_\_\_\_\_

ATTEST:

ATTEST:

\_\_\_\_\_  
*Clerk and Recorder*

\_\_\_\_\_  
*Secretary/Treasurer*

APPROVED AS TO FORM:

APPROVED AS TO FORM:

\_\_\_\_\_  
*County Attorney*

\_\_\_\_\_  
*Attorney*



**APPENDIX S**  
**CALCULATION OF BENEFIT**  
**TO LOW AND MODERATE-INCOME PERSONS AND**  
**RACE AND ETHNICITY CATEGORIES**

Communities with a local CDBG economic development project must use the following format for job applicants, new hires, and current employees for jobs created or retained to document the family income. **\*\*Contact the CDBG-ED staff for a copy of the latest HUD Income Limits for each county in the State. This publication changes every year.** New income figures are available each spring from the Department of Housing and Urban Development. The new income figures will be sent to current grantees as soon as they are available. The figures for income levels for the county in which the project will be located should be placed under the appropriate spaces on the form for each family size.

The income level stated for the form can be based on either the previous 12 months before the date the form is signed or on the income reported on the most recent income tax form submitted to the Internal Revenue Service. The method used should be consistent. It is often difficult for an individual to determine accurately the income for the previous 12 months, which would necessitate using the reported income tax statement for the most recent tax year.

Race and ethnicity categories should be collected at the same time that income surveys are given. A sample form is part of this exhibit for collection of that data.

**NOTE:** The form included here is the acceptable format. Other variations of the form may not meet HUD guidelines, and the Department must review other variations before they are used. The form used must have the warning that income may be verified and penalties could be imposed for false statements. Information obtained from the applicant should be sufficient to complete **Exhibit 8-F**, within the CDBG Grant Administration Manual. Copies are available from the Department.

## Income Certification for Job Creation and/or Retention

The following information is necessary for purposes of documenting that you qualify as a low and moderate-income (LMI) person under our community's Community Development Block Grant – Economic Development (CDBG-ED) project. The CDBG-ED Program is a federal program intended to assist "low and moderate-income families." Your response will be kept confidential and will not be available to the general public.

Included in the federal definition of "annual income" are all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family who is not a minor. Income includes:

1. The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
2. The net income from operation of a business or profession or from rental or real or personal property (this includes gross receipts, minus operating expenses, received from the operation of an unincorporated farm or ranch);
3. Interest and dividends;
4. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
6. Public assistance;
7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; and
8. All regular pay, special pay and allowances of a member of the armed forces (whether or not living in the dwelling) who is head of the family or spouse.
9. Indicate whether or not your employment status prior to being hired for this current position was "unemployed prior to hire", or "employed elsewhere prior to hire" (**for new hires**); or "currently hired in this position" if you're not a new employee.

## CDBG INCOME LIMITS BY SIZE OF HOUSEHOLD

Please circle the income amount by family size that your household income DOES NOT EXCEED

### Household Size

County	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
Extremely Low (EL)								
Low Income (L)								
Moderate Income (M)								
My Income Exceeds The Amounts Above (NL)								

I certify that, after reviewing the definition of "annual income" above, the total gross income of all members of my family for year **2008** (*or the previous 12 months from the date the form is filled out*) is as **circled** above. I further certify that the above statement is true, accurate, and complete to the best of my knowledge and belief. I agree to provide income verification if requested by local officials.

**Please check one of the following:**

**(FOR NEW HIRES)**

- \_\_\_\_\_ Unemployed prior to hire
- \_\_\_\_\_ Employed elsewhere prior to hire

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Applicant's Printed Name

**(OR)**

- \_\_\_\_\_ Currently employed at this business

\_\_\_\_\_  
Address

\_\_\_\_\_  
Date

**NOTE:** Section 1001 of Title 18 of the United States Code and Criminal Procedure shall apply to the foregoing certification. Title 18 provides, among other things, that whoever knowingly and willfully makes or uses a document or writing containing any false, fictitious, or fraudulent statement or entry, in any matter within the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned not more than five years or both.

## **SAMPLE** CDBG INCOME LIMITS BY SIZE OF HOUSEHOLD

Please circle the income amount by family size that your household income DOES NOT EXCEED

### Household Size

County XX	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
Extremely Low	9750	11150	12550	13900	15050	16150	17250	18350
Low Income	16250	18550	20900	23200	25050	26900	28750	30600
Moderate Income	26000	29700	33400	37100	40100	43050	46050	49000
My Income Exceeds The Amounts Above								

(Note to Person Preparing Form: Insert the appropriate income limits above for each size of household.)

I certify that, after reviewing the definition of "annual income" above, the total gross income of all members of my family for year **2008** (or the previous 12 months from the date the form is filled out) is as **circled** above. I further certify that the above statement is true, accurate, and complete to the best of my knowledge and belief. I agree to provide income verification if requested by local officials.

### **Please check one of the following:**

#### **(FOR NEW HIRES)**

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_ Unemployed prior to hire

\_\_\_\_\_ Employed elsewhere prior to hire

\_\_\_\_\_  
Applicant's Printed Name

#### **(OR)**

\_\_\_\_\_ Currently employed at this business

\_\_\_\_\_  
Address

\_\_\_\_\_  
Date

**NOTE:** Section 1001 of Title 18 of the United States Code and Criminal Procedure shall apply to the foregoing certification. Title 18 provides, among other things, that whoever knowingly and willfully makes or uses a document or writing containing any false, fictitious, or fraudulent statement or entry, in any matter within the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned not more than five years or both.



## Federal Standards for Definition of Low and Moderate-Income Status

*(Income eligibility standards from the U.S. Housing Act of 1937)*

### Section 889.103. Determination of income for eligibility.

For purposes of determining whether a family is a lower-income family, income shall be determined in accordance with Section 889.104, except that where a family has net family assets in excess of \$5,000, income shall include the actual amount of income, if any, derived from all of the net family assets or 10 percent of the value of all such assets, whichever is greater. For purposes of this section, net family assets means value of equity in real property, savings, stocks, bonds, and other forms of capital investment. The value of necessary items such as furniture and automobiles shall be excluded.

### Section 889.104. Computation of annual income.

- (a) Except as provided in paragraph (b) of this section, all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor shall be included in the annual income of a family. Income shall include, but not be limited to:
- (1) The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
  - (2) The net income from operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business);
  - (3) Interest and dividends;
  - (4) The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
  - (5) Payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay (see paragraph (8) (b) (3) of this section).
  - (6) Public Assistance. If the public assistance payment includes an amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:
    - (i) The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus
    - (ii) The maximum amount which the public assistance agency could in fact allow for the family for shelter and utilities.
  - (7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;
  - (8) All regular pay, special pay and allowances of a member of the armed forces

(whether or not living in the dwelling) who is head of the family or spouse (see paragraph (8) (b) (5) of this section).

(b) The following items shall not be considered as income:

- (1) casual, sporadic or irregular gifts;
- (2) amounts which are specifically for or in reimbursement of the cost of medical expenses;
- (3) lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses;
- (4) Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships, or payments to veterans, not used for the above purposes of which are available for subsistence are to be included in income;
- (5) The special pay to a serviceman head of a family away from home and exposed to hostile fire;
- (6) Relocation payments made pursuant to Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;
- (7) foster child care payments;
- (8) the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household;
- (9) payments received pursuant to participation in the following volunteer programs under the ACTION Agency;
  - (i) National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs.
  - (ii) National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).

\*\*\*\*\*

**INDIVIDUAL DIRECT BENEFIT ETHNICITY AND  
RACIAL CATEGORY RECORDING FORM**  
**(To be Completed by Newly Hired Persons, or by Persons Holding a  
Current Job for Job Retention Projects)**

**(Name of local development organization)** is required by federal regulations governing the Community Development Block Grant –Economic Development Program to request the following information in order for the Montana Department of Commerce to monitor **(Name of local government)**'s compliance with federal equal opportunity and fair housing laws.

Federal law provides that an agency may not discriminate on the basis of this information, or on the basis of whether you choose to furnish the information. However, if you choose not to furnish it, this agency is required to note race, gender and/or handicap status on the basis of visual observation and/or surname.

If you do **not** wish to provide the requested information, please check the following box, and the information will be determined by your employer.

☐ **I do not wish to furnish this information.**

~~~~~  
**Please select from each of the following categories:**

**Ethnicity:** (select one of the following)

- ☐ Hispanic or Latino  
☐ Not Hispanic or Latino

**Race:** (select the one that best describes your category)

- ☐ White  
☐ Black or African American  
☐ Asian  
☐ American Indian or Alaskan Native  
☐ Native Hawaiian or Other Pacific Islander  
☐ American Indian or Alaskan Native *and* White  
☐ Asian *and* White  
☐ Black or African American *and* White  
☐ American Indian or Alaskan Native *and* Black or African American

**Other Needed Information:** (select all that apply)

- ☐ Female  
☐ Male  
☐ Handicapped  
☐ Female Head of Household

~~~~~  
If applicable, when the person declines to furnish the information:

On the basis of sight or surname, the above information has been noted by:

Name: \_\_\_\_\_ Initialed: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_





## APPENDIX T

### SAMPLE BUSINESS PLAN

#### INTRODUCTION

*The following Business Plan Outline is adapted from a sample business plan format prepared by the staff of the Indian Community Development Block Grant (CDBG) Program, U.S. Department of Housing and Urban Development, Region VIII, Denver, Colorado.*

*This outline is being distributed by the Montana CDBG-ED Program as an example of a business plan format that could be followed to fulfill the requirement for submission of a business plan for applications for the Economic Development grant category. Refer to the CDBG-ED Application Guidelines, Chapter III, Section B. for a detailed description of the CDBG-ED Business Plan Requirements.*

*If you have any questions regarding this or any other requirements established for economic development applications under the Montana CDBG-ED Program, contact the Montana Department of Commerce CDBG-ED staff at 841-2733.*

## BUSINESS PLAN OUTLINE

Page  
4

### I. EXECUTIVE SUMMARY

- A. Business Description
  - 1. Name
  - 2. Location and Plant Description
  - 3. Product or Services
  - 4. Market and Competition
  - 5. Management Expertise
- B. Business Objectives
- C. Summary of Financial Needs
  - 1. Proposed Uses of Funds
  - 2. Land Acquisition
  - 3. Capital Improvements
  - 4. Operational Requirements
  - 5. Proposed Sources of Funds
  - 6. Dollar Amount Requested
  - 7. Terms, Conditions, and Timing
  - 8. Type and Price of Security Pledged

### II. MARKET ANALYSIS

5

- A. Description of Total Market
- B. Industry Trends
- C. Target Market
- D. Competition

### III. PRODUCTS OR SERVICE

6

- A. Description of Product Line
- B. Proprietary Position: Patents, Copyrights, and Legal and Technical Considerations
- C. Comparison to Competitors' Products

### IV. MANUFACTURING PROCESS

7

- A. Materials

B.	Source of Supply	
C.	Production Methods	
V.	MARKETING STRATEGY	8
A.	Product	
B.	Price	
C.	Place (Distribution)	
D.	Promotion	
VI.	MANAGEMENT PLAN	9
A.	Form of Business Organization	
B.	Board of Directors Composition	
C.	Officers	
D.	Resumes of Key Personnel	
E.	Staffing Plan	
F.	Facilities Plan	
G.	Operating Plan	
VII.	FINANCIAL DATA	10
A.	Financial Statements	
1.	Balance Sheet	
2.	Profit and Loss Statement	
3.	Cash Flow Statement	
B.	Three-Year Financial Projections	
C.	Explanation of Use and Effect of New Funds	

The following business plan outline provides the basic information necessary to evaluate an economic development proposal. Quality and accuracy do not necessarily mean long

narratives. All of the data should be complete and concise to convey the required information. Where a section is not applicable to a given proposal, this should be explained.

## BUSINESS PLAN

### I. Executive Summary

The summary should describe concisely what the business is all about and provide enough detail so that someone can read it and have a general understanding of the business without reading the rest of the plan. The summary should contain the following elements:

#### A. Business Description:

1. Name: Provide the business name of the company or corporation.
2. Location and Plant Description: The address of the business should be identified and the location described. Also, a physical description of the plant should be provided such as: sawmill with specific number of saws, buildings, and holding yard acreage;
3. Product and Services: Describe the product and/or service to be provided by the business or industry.
4. Market and Competition: Describe the market in which the product or service is to be sold. The market should be defined in terms of geography, demographic sectors, existing consumption levels, and potential. Competitors should be identified in terms of who they are, what their potential is, and how well they are serving the existing market and also potential new competitors. The condition of the market should be described in terms of: Is it saturated? Is there room for expansion? Do gaps or niches exist?

#### B. Business Objectives:

Describe the long-range objectives for the business and provide a timeframe indicating when the objectives are to be achieved.

#### C. Summary of Financial Needs:

1. Proposed Uses of Funds: Describe what the requested funds will be used for and when they will be expended. General categories such as land acquisition, building construction or renovation, purchase of inventory or equipment, or working capital should be used with estimates for each identified.
2. Proposed Sources of Funds: For each source of funds proposed, identify the dollar amount, terms, conditions, and timing. Also, the type and price of security pledge



required should be identified, such as, Certificates of Deposit (CD), personal property, personal guarantees, or income from sales.

## II. Market Analysis

A. Descriptions of the Total Market: All of the characteristics of the market that are necessary to define it or have an impact on it should be discussed including, but not limited to, the following as applicable:

1. The geographic market area should be described;
2. Market characteristics that could affect sales should be defined, and an explanation given to their effect on the business, if applicable;
3. The volume of trade should be described in terms of sales and units or services provided;
4. Demographic characteristics, which influence the market, such as age groups, income, employment and/or other patterns should be described;
5. Interrelationships with other industries or businesses that have an effect on the business, such as suppliers of materials, transportation companies, technology services, etcetera; and
6. Other characteristics that define the market including a definition (or map) of the market area.

B. Industry Trends: A description of the industry should be provided, including such elements as:

1. Growth and contraction of the industry and causes of such changes;
2. The effects of changing technology;
3. The effects of political policy and regulatory controls;
4. Historical and cyclical trends in the industry that may continue into the future; and
5. Projected trends.

Whenever possible, the description should be supported by data and analysis taken from verifiable and dependable sources such as trade journals, government reports or independent surveys.

C. Target Market: The target market should be identified in such a way that it is clear who or what specific segment of the market will be targeted for the subject product

or service and why. Suggested aspects of the market to consider are:

1. Does a niche exist in the market where a segment of the market is not being adequately served or is not being served at all?
  2. Is there a geographic area that is not being served?
  3. Does the business have a superior product for a particular segment of the market?
  4. Is the nature of the industry such that it is possible to capture a fair share of the market simply by providing a standard product or service at a competitive price?
- D. Competition: Describe the nature of the competition in the market, such as, who they are, which firms will be competing directly, how long they have been in business, whether they have a competitive product or service or how are they apt to react to the entry of a new business or product. Whenever possible, this analysis should be supported by data regarding the industry.

### III. Product or Service

- A. Description of Product Line: Describe the product or service to be provided by the business in terms of quality, innovation, special characteristics, and how available. If the product has multiple elements, such as manufacturing and retail, these should be defined and explained.
- B. Proprietary Position: Are there patents, copyrights, and legal and technical considerations, which must be cleared or addressed before the business can begin or continue to operate? These considerations should be detailed in terms of necessary actions, timeframes and potential results. If these considerations provide an advantage (or disadvantage) for the business, they should be thoroughly explained.
- C. Comparison to Competitors' Products: In addition to knowing the competition's strengths and weaknesses, it is important to know about their product or service. The following should be addressed:
1. How long has it been on the market?
  2. Is it current with the latest technology?
  3. What are its strengths and weaknesses in quality, design, function, etcetera?
  4. How is it marketed, i.e., advertisement, promotion, direct mail, catalog, etcetera?
  5. Where is it in its product life cycle?

6. Are there unique features about the product?
7. Are there proprietary rights that give the product an advantage?

These and other factors should be evaluated for their significance, and compared to the product or service of the subject business. Then the following should be addressed:

1. Can the product compete?
2. What must be changed (if anything) to compete more effectively?
3. What advantages exist for competing in the market?
4. How is the subject product or service better or worse?

#### IV. Manufacturing Process (If Applicable)

- A. **Materials:** What materials are necessary to produce the product? Discuss these materials in terms of quality, special features, and alternatives.
- B. **Source of Supply:** The source of materials should be discussed in terms of availability, cost, location, amounts, how accessible, supplies, number of materials, interrelations of materials, transportation of materials, and storage, spoilage or deterioration rates.
- C. **Production Methods:** Describe how the product will be made in terms of facilities and equipment, labor, processing, scheduling, timing, production levels, capacity, movement, inventories, and quality control. In addition, discuss problems and time constraints involved in getting the production fully operational, if it is not already. Also, discuss the economics of scale that will be necessary for most efficient operation and maximum productivity.

#### V. Marketing Strategy

There are several steps involved in the formation of a marketing strategy. First, an initial decision has to be made to sell in a particular market sector, which is based on the objectives of the business. Market research involves the gathering of information about the market. Even though there may be an enormous amount of information about the market, there may be significant gaps in information pertaining to activities, which are important to the business. Market research helps develop a plan of action to achieve the marketing objectives. The nature of the plan will depend on the firm's type of business and the extent of its potential involvement in the market. Finally, a decision must be made about how to penetrate the market. This may involve a simple, direct introduction of the product on the market, or it could consist of a series of tests on the market or segments of the market. Whichever method is used, it should be based on reasonable assumptions and knowledge



of the market. The market analysis from section II should provide most of the information necessary for developing the overall strategy.

The basics of marketing are product, price, place (or distribution), and promotion -- the so-called four P's. All are integral parts of the marketing strategy. The beginning point is the product. The product must be chosen and a decision made about whether it will be standardized or adapted to various markets. Second, there is the pricing of the product, which includes several factors. One is the cost of the product, which sets a minimum price that can be charged. Among other factors, competition and demand must be considered in the price. Place (or distribution) involves decisions concerning distribution outlets -- wholesaling, retailing, and so forth. Promotion provides communication with various consumer markets. These are discussed in more detail below.

- A. Product: One of the most important problems in the marketing of the product is standardization vs. adaptation to local markets. Some products are more sensitive to market differences than others. For instance, a firm that produces hammers need only worry about how functional the hammer are, but newspaper publishers would be very concerned about who their readers are, their interests, and then design appropriately.
- B. Price: There are many ways of establishing price, but the most common is "average-cost pricing." This method consists of a summation of a firm's average fixed and variable costs for various levels of output. Interest payments are an example of fixed cost. Variable costs are those, which change when the output changes. The average cost per unit is the total fixed cost, plus the total variable cost, divided by the total units of output. Price is then determined by dividing total profits by the total units of output and adding it to average cost.
- C. Place (or Distribution): Place involves making products available in the right quantities and in the right locations when customers want them. Many activities are needed to provide place, the most important of which is distribution. There is physical distribution, which involves the transportation and storage of goods. This provides time and the utility of having the product available when the customer wants it. Place is provided, too, by the wholesale and retail outlets through which the product passes on to the customer. Intermediaries also provide a place activity by bringing buyers and sellers together. Customer service is another activity of place and, of course, the activities must be managed and coordinated. The cost of transportation and storage can vary with the product. For instance, these costs would be relatively low for small electronic devices, but high for timber and large industrial items.
- D. Promotion: In some ways, promotion is probably the most important of the four P's, in that it is used to influence attitudes and behaviors. There are two principal methods of promotion: advertising and personal selling. The choice of the methods used depends on several factors. The nature of the product is one. Consumer goods that are sold in mass markets are likely to be promoted through advertising.



Industrial goods, on the other hand, are much more specialized and more likely to be promoted through the company's sales force. There are advantages and disadvantage to each; advertising reaches a larger number of consumers in a short time, but personal sales contact is more flexible and can more directly influence opinion. Also, personal sales contacts have the advantage of immediate feedback.

## VI. Management Plan

- A. **Form of Business Organization:** The business organization can take several forms, such as: a sole proprietorship, a corporation, or a general or limited partnership. Choosing a form will depend on a number of considerations. The organizational structure should be designed to facilitate the purpose and operation of the business. Businesses with several functions may require several sub-directors or line directors, while others may require only one. It is important that organizational design considers the flow of information and decision making requirements. Too much or too little can have very negative effects on the operation and function of the business.
- B. **Board of Directors:** The board of directors could consist of members of the general business community such as bankers, developers, professionals in the community and others knowledgeable about business practices.
- C. **Officers:** An organization chart should be developed which clearly shows lines of authority. In addition, the responsibilities for each position should be provided in narrative form. This should be supported by position descriptions in the personnel files.
- D. **Resumes of Key Personnel:** Each of the key personnel must provide a personal resume. Resumes should be checked and verified before a position becomes permanent. Resumes, which do not indicate a strong background consistent with the position should be evaluated very carefully.
- E. **Staffing Plan:** A complete staffing plan should be developed which describes the number of employees different skills, and the skill levels required. Also, any on-the-job training programs or formal training programs (existing or proposed) should be described with timetables and expected results.
- F. **Facilities Plan:** Describe the physical plant improvements (buildings and equipment) required for the operations of the business (existing and proposed). Each facility should be described in terms of activities to be performed and where it fits in the process. Where facilities are to be modified or rehabilitated, an implementation schedule should be developed graphically with narrative describing all actions and how they are to be accomplished (describe resources and how they are to be used). Also, if major equipment purchases are to be made, describe the equipment and its use, and how the business will pay for and install it.

- G. Operating Plan: Describe the projected workload for the next one or two years. Any existing contracts should be described with a project time schedule for performance. Anticipated workloads also should be described as well as any seasonal or cyclical workloads, which are typical for the industry. These workloads should be projected with labor force levels to assure maximum productivity.

As part of the operating plan, an operating financial plan should be established which identifies timely capital needs and expenditures.

## VII. Financial Data

- A. Financial Statements: Where businesses already exist, financial statements, for the past three years if possible, should be provided, including the following:

1. Balance Sheet: A balance sheet represents a period of time where an account is taken of the total assets and liabilities of the company. The balance sheet is divided into two sides: on the left are shown assets and on the right are shown liabilities and stockholders' equity. Both sides are always in balance. In the assets column, all of the business's plus the stockholder's equity are listed.

The following example is listed:

Assets	Liabilities_____
Current Assets	Current Liabilities
Cash	Notes Payable - Bank
Marketable Securities	Notes Payable - Other
Accounts Receivable	Accounts Payable
Inventories	Accrued Expenses
	Federal Income Tax Payable
Prepaid Expenses	Current Portion Long Term Debt
Fixed Assets	Long Term Liabilities
Land	Long Term Debt
Buildings	Officer's Loans
Machinery	
Office Equipment	Stockholders' Equity
Less Accumulated Depreciation	Preferred Stock
Intangibles (Goodwill, Patents, Etc)	Common Stock
	Accumulated Retained Earnings

Total Assets = Total Liabilities Plus Net Worth

2. Profit and Loss Statement: This document provides a report over a period of time (usually a year) of how well (or poorly) the business performed and provides a statement of profits (or losses) for the period;

## SAMPLE PROFIT AND LOSS STATEMENT

	Sales		Sales
Less:	Cost of Goods Sold		- COGS
Equals:	Gross Profit		= GP
Less:	Selling, General & Admin.		- SGA
Equals:	Operating Profit		= Opr. P
Less:	Officer Salaries		- Off. Sal
Less:	Depreciation Expenses		- Depr
Less:	Interest Expense		- i
Less:	Occupancy Costs		- Occ
Less:	Discretionary		- Discrete
Equals:	Earnings before Tax		= EBT
Less:	Taxes		- TX
Equals:	Profit After Tax		= PAT
(Net profit, Net Income, Etc.)			

### 3. Cash Flow Statement:

Cash Flow is defined (in words, then symbols) as:

	Net Profit		PAT
Plus	Depreciation expense		+ Depr
Plus	Other Non-Cash Charges		+ NCC
Equals	Gross Funds Flow		= G.F.
Less	Operating Needs		
Plus	Operating Sources		
Equals	Cash Flow From Operations		= Opr C.F.
Less	Non-Operating Uses		- NOPR
Equals	Cash Flow Available For Debt Service		= CFA
Less	Debt Service		- D/S
Equals	Net Cash Flow		= NCF

Note: The above formats will be used to generate estimates of cash flow. These are simple formats only; your pro forma should include a specific breakdown of general categories such as "other income," "operating expenses," projections of earnings, profits, etcetera, which are relevant to demonstrating the feasibility of your project.

- B. Three-Year Financial Projections: All businesses expect profits, or at least to match expenses with revenues (except for nonprofit organizations where motives other than profit exist). Based on its knowledge of the industry and market, financial statements, financial projections (pro forma) should be made to determine how well the business can be expected to perform.

Capital expenditures estimates should be identified and coordinated with the facilities plan and cash flow projections. These estimates will affect both the assets and liabilities of the

balance sheet and debt service in the cash flow. It is important that these be scheduled in such a way as they do not conflict with other cash flow needs for operations.

The number of years that the projections are based upon will depend on the business and the needs of the analyst.

All projections should be supported by documentation and a narrative rationale. This should be consistent with the marketing research and business strategy.

C. Explanation of Use and Effect of New Funds: If new funds are being added to an existing business, explain how they will be used, and why they are necessary. Also, explain what effect they will have on an expansion of the business, increased efficiency, allow the business to take advantage of new opportunities, etcetera.

A Sources and Uses form has been provided to list where the new funds will come from and how they will be used. The form can be used to describe the sources that will be participating financially in the project.



**Appendix U**  
**Training Grant Assistance Agreement**  
**Agreement Number \_\_\_\_\_**

*(This agreement template should be used for training grants)*

A. PARTIES: The parties to this contract (*the Contract*) are (name of local government and address), (the City, Town, or County), and (name of assisted business or non-profit, and address) (*the Contractor*), tax identification number \_\_\_\_\_.

B. PURPOSE: The purpose of the Contract is for the Contractor to use \$\_\_\_\_\_ in Community Development Block Grant – Economic Development (CDBG-ED) grant funds for Job Training, to train up to (number) employees over a (number) month period beginning (date) and ending (date). The funding will help train the aforementioned workers in (description of type of worker training).

NOW, THEREFORE, in consideration of the mutual promises and covenants herein, the parties hereto agree as follows:

1. SCOPE AND DUTIES: The Contractor will engage in activities as set forth in the (name of local government)'s Montana Department of Commerce's application, and in the Contractor's Hiring and Training Plan (*Attachment A*), including any written modifications resulting from the review of the application by the Montana Department of Commerce for grant assistance, all of which, by this reference are made a part hereof.

The scope of the Contract is for the Contractor to use \$\_\_\_\_\_ in CDBG-ED Job Training funds to train up to (number) employees over a (number) month period.

The (City/Town/County) will only release funds to reimburse eligible and documented training costs for an eligible employee, if the employee is compensated at a documented rate of (\$xx.xx) (required minimum amount for 2009) per hour including benefits.

The Contractor will submit status reports on project performance at the request of, and in the format prescribed by, the (City/Town/County) and the Montana Department of Commerce. These reports include, but are not limited to:

- a) Project progress reports describing the status of the project with respect to each implementation objective, including at a minimum, the percentage complete, costs incurred, funds remaining and projected completion date. The report must also describe significant problems encountered, documented uses of matching funds and/or in-kind contributions and any necessary scope or implementation schedule modifications requested; and
- b) Unless otherwise specified, by the (City/Town/County), the Contractor will submit quarterly progress reports to the (City/Town/County) until the goals contained in the plan have been achieved, and the Contractor receives project

closeout approval from the (City/Town/County) and the Montana Department of Commerce.

The Montana Department of Commerce and the (City/Town/County) must pre-approve any changes to these terms and conditions.

2. COMPENSATION & CONSIDERATION: The total amount to be awarded to the Contractor under the Contract will be up to \$5,000 per eligible employee for documented training costs reimbursement not to exceed a total of \$\_\_\_\_\_ dollars for the entire Contract. The Contractor will provide at least \$\_\_\_\_\_ in matching funds (cash) consistent with the purposes expressed in the application during the period of the Contract. The Contractor may modify this budget only after having requested and received prior approval of the adjustment from the (City/Town/County), and the Montana Department of Commerce.

The (City/Town/County)'s and the Montana Department of Commerce's approval of the Request for Payment form will constitute approval of the budget adjustment. The rationale for budget adjustment must be described in the Project Progress Report and the proposed adjustments noted in the Request for Payment and Status of Funds Report submitted with draws against the Contract funding reserve.

- a) The (City/Town/County) will authorize the Contractor to draw up to \$\_\_\_\_\_ against the funding reserved for the Contractor by the (City/Town/County). In drawing against the reserved amount, the Contractor will follow the instructions supplied by the (City/Town/County).
- b) If the (City/Town/County) determines that the Contractor has failed to satisfactorily carry out the duties and responsibilities under the Contract, the (City/Town/County) may revoke the Contractor's authority to draw against the reserved amount described herein until such time as the (City/Town/County) and the Contractor agree on a plan to remedy the deficiency.
- c) The (City/Town/County) reserves the right to withdraw a commitment for any CDBG-ED funds which remain un-disbursed at the end of the Contract period.
- d) Eligible training costs that may be reimbursable include the following:
  - 1. Salaries of eligible employees during training activities;
  - 2. Salaries of in-house trainers during training activities involving eligible employees;
  - 3. Direct costs of training such as manuals, materials, supplies, tuition, prorated shares of consultant or training fees for related training; and,
  - 4. Domestic travel for training.
- e) Ineligible expenses include but are not necessarily limited to the following:

1. Foreign travel;
2. Development of training curriculum and materials;
3. Equipment, buildings or other fixed assets;
4. Sectarian activities;
5. Unionization;
6. Displacement of current employees; and
7. Relocation of any business or part of the business from another location involving loss of any employees at the original location will be considered a violation of the Contract and may, at the Department's discretion, prevent any further requests for funds.

The Contractor shall contact the (City/Town/County) if the Contractor has any questions regarding costs eligible for reimbursement.

3. PERIOD OF CONTRACT: The Contract will be in effect for the period commencing (date) and ending (date) unless otherwise terminated by law or in compliance with the terms of the Contract.

4. LIAISON: The contact person for the (City/Town/County) is (name, title, location) and (name, title, location), for the Contractor.

5. COMPLIANCE WITH WORKERS' COMPENSATION ACT: The Contractor is required to supply the (City/Town/County) with proof of compliance with the Montana Workers' Compensation Act while performing work for the State of Montana. (Mont. Code Ann. §§ 39-71-120, 39-71-401, and 39-71-405.) Neither the Contractor nor its employees are employees of the State. The proof of insurance/exemption must be valid for the entire Contract period and must be received by the (City/Town/County) within 5 working days of the Contractor's execution of the Contract.

CONTRACTS WILL NOT BE ISSUED TO CONTRACTORS WHO FAIL TO PROVIDE THE REQUIRED DOCUMENTATION WITHIN THE ALLOTTED TIME FRAME.

Coverage may be provided through a private carrier or through the State Compensation Insurance Fund (406) 444-6500 or (800) 332-6102. An exemption can be requested through the Department of Labor and Industry, Employment Relations Division (406) 444-0564. Corporate officers must provide documentation of their exempt status.

6. DEBARMENT: The Contractor certifies that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the Contract by any governmental department or agency. If the Contractor cannot certify this statement, attach a written explanation for review by the (City/Town/County).

7. FAILURE TO HONOR CONTRACT: If the Contractor refuses or fails to deliver in accordance with the Contract terms and conditions, the State Procurement Bureau may, in its discretion, suspend the Contractor for a period of time from entering into any contracts with the State of Montana.



8. ACCESS AND RETENTION OF RECORDS: The Contractor agrees to provide the (City/Town/County), the Montana Department of Commerce, Legislative Auditor, or their authorized agents, access to any records necessary to determine contract compliance (Mont. Code Ann. § 18-1-118). The Contractor agrees to create and retain records supporting the services rendered or supplies delivered for a period of three years after either the completion date of the Contract or the conclusion of any claim, litigation, or exception relating to the Contract taken by the State of Montana or third party.

9. TERMINATION OF CONTRACT: Unless otherwise stated, the (City/Town/County) may, by written notice to the Contractor, terminate the contract in whole or in part at any time the Contractor fails to perform the Contract.

10. UNAVAILABILITY OF FUNDING: The (City/Town/County) may, at its sole discretion, terminate or reduce the scope of the Contract if available funding is eliminated or reduced for any reason.

11. U.S. FUNDS: All prices and payments must be in U.S. dollars.

12. SECURITY: As security for the performance of this Agreement, Contractor will guarantee to the (City/Town/County) that in the event that Contractor does not make jobs available to low and moderate-income persons and cooperate in the documentation of job creation and income verification that the full amount of assistance provided under this agreement will be paid back to the (City/Town/County).

13. DEFAULT: Failure on the part of either party to perform the provisions of the Contract constitutes default. Default may result in the pursuit of remedies for breach of contract, including but not limited to damages and specific performance.

14. CONFORMANCE WITH CONTRACT: No alteration of the terms, conditions, delivery, price, quality, quantities, or specifications of the Contract shall be granted without prior written consent of the (City/Town/County) and the Montana Department of Commerce. Supplies delivered which do not conform to the Contract terms, conditions, and specifications may be rejected and returned at the Contractor's expense.

15. VENUE: The Contract is governed by the laws of Montana. The parties agree that any litigation concerning the Contract must be brought in the (First, Second, etc.) Judicial District in and for the (appropriate County), State of Montana, and each party shall pay its own costs and attorney fees. (Mont. Code Ann. § 18-1-401.)

16. COMPLIANCE WITH LAWS: The Contractor must, in performance of work under the Contract, fully comply with all applicable federal, state, or local laws, rules and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by the Contractor



subjects subcontractors to the same provision. In accordance with Mont. Code Ann. § 49-3-207, the Contractor agrees that the hiring of persons to perform the Contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by the persons performing the Contract.

17. **DISABILITY ACCOMMODATIONS:** The (City/Town/County) does not discriminate on the basis of disability in admission to, access to, or operations of its programs, services, or activities. Individuals, who need aids, alternative document formats, or services for effective communications or other disability-related accommodations in the programs and services offered, are invited to make their needs and preferences known to this office. Interested parties should provide as much advance notice as possible.

18. **ASSIGNMENT, TRANSFER AND SUBCONTRACTING:** The Contractor shall not assign, transfer or subcontract any portion of the Contract without the express written consent of the (City/Town/County) and the Montana Department of Commerce. (Mont. Code Ann. § 18-4-141.)

19. **MODIFICATION:** The Contract may not be enlarged, modified, amended or altered except upon written agreement signed by all parties to the Contract.

20. **NOTICE:** All notices required under the provisions of the Contract must be in writing and delivered to the parties' liaisons either by regular mail or personal service.

21. **SEPARABILITY:** A declaration by any court, or any other binding legal source, that any provision of the Contract is illegal and void shall not affect the legality and enforceability of any other provision of the Contract, unless the provisions are mutually dependent.

22. **HOLD HARMLESS AND INDEMNIFICATION:** The Contractor agrees to protect, defend, and save the Montana Department of Commerce, and the (City/Town/County) elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, causes of action of any kind or character, including the cost of defense thereof, arising in favor of the Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omissions of the Contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of the State, under the Contract.

23. **REGISTRATION WITH SECRETARY OF STATE:** Any business intending to transact business in Montana must register with the Secretary of State. Businesses that are incorporated in another state or country, but which are conducting activity in Montana, must determine whether they are transacting business in Montana in accordance with Mont. Code Ann. §§ 35-1-1026 and 35-8-1001. Such businesses may want to obtain the guidance of their attorney or accountant to determine whether their activity is considered transacting business.

If businesses determine that they are transacting business in Montana, they must register with the Secretary of State and obtain a certificate of authority to demonstrate that they are in good standing in Montana. To obtain registration materials, call the Office of the Secretary of State at (406) 444-3665, or visit their website at <http://sos.mt.gov>.

24. TECHNOLOGY ACCESS FOR BLIND OR VISUALLY IMPAIRED: Contractor acknowledges that no state funds may be expended for the purchase of information technology equipment and software for use by employees, program participants, or members of the public unless it provides blind or visually impaired individuals with access, including interactive use of the equipment and services, that is equivalent to that provided to individuals who are not blind or visually impaired. (Mont. Code Ann. § 18-5-603.) Contact the State Procurement Bureau at (406) 444-2575 for more information concerning non-visual access standards.

25. REFERENCE TO CONTRACT: The Contract number MUST appear on all invoices, packing lists, packages and correspondence pertaining to the Contract.

26. INTEGRATION: The Contract contains the entire agreement between the parties, and no statements, promises, or inducements of any kind made by either party, or the agents of either party, not contained herein are valid or binding.

This Contract is made and entered into on the \_\_\_\_ day of \_\_\_\_, 20\_\_.

---

(name, title) Date  
(name of assisted business)

---

(local official's name, title) Date  
(name of local government)

**Appendix U**  
**Grant Assistance Agreement**  
**Agreement Number \_\_\_\_\_**

*(This agreement template should be used for infrastructure grants, or non-profit grants)*

A. PARTIES: The parties to this contract (*the Contract*) are (name of local government and address), (the City, Town, or County), and (name of assisted business or non-profit, and address) (*the Contractor*), tax identification number \_\_\_\_\_.

B. PURPOSE: The purpose of the Contract is for the Contractor to

(use \$\_\_\_\_ in Community Development Block Grant – Economic Development (CDBG-ED) grant funds for [name activity to be completed under agreement by the non-profit], or

(receive extension of water/sewer service [or other improvement] as a result of the CDBG-ED award to the City, Town or County).

NOW, THEREFORE, in consideration of the mutual promises and covenants herein, the parties hereto agree as follows:

1. SCOPE AND DUTIES: The Contractor will engage in activities as set forth in the (name of local government)'s Montana Department of Commerce's application, and in the Contractor's Hiring and Training Plan (*Attachment A*), including any written modifications resulting from the review of the application by the Montana Department of Commerce for grant assistance, all of which, by this reference are made a part hereof.

The scope of the Contract is for the Contractor to (describe activity).

The Contractor will submit status reports on project performance at the request of, and in the format prescribed by, the (City/Town/County) and the Montana Department of Commerce. These reports include, but are not limited to:

- a) Project progress reports describing the status of the project with respect to each implementation objective, including at a minimum, the percentage complete, costs incurred, funds remaining and projected completion date. The report must also describe significant problems encountered, documented uses of matching funds and/or in-kind contributions and any necessary scope or implementation schedule modifications requested; and
- b) Unless otherwise specified, by the (City/Town/County), the Contractor will submit quarterly progress reports to the (City/Town/County) until the goals contained in the plan have been achieved, and the Contractor receives project closeout approval from the (City/Town/County) and the Montana Department of Commerce.



The Montana Department of Commerce and the (City/Town/County) must pre-approve any changes to these terms and conditions.

2. COMPENSATION & CONSIDERATION: The total amount to be awarded to the Contractor under the Contract will be up to \$5,000 per eligible employee for documented training costs reimbursement not to exceed a total of \$\_\_\_\_\_ dollars for the entire Contract. The Contractor will provide at least \$\_\_\_\_\_ in matching funds (cash) consistent with the purposes expressed in the application during the period of the Contract. The Contractor may modify this budget only after having requested and received prior approval of the adjustment from the (City/Town/County), and the Montana Department of Commerce.

The (City/Town/County)'s and the Montana Department of Commerce's approval of the Request for Payment form will constitute approval of the budget adjustment. The rationale for budget adjustment must be described in the Project Progress Report and the proposed adjustments noted in the Request for Payment and Status of Funds Report submitted with draws against the Contract funding reserve.

- a) The (City/Town/County) will authorize the Contractor to draw up to \$\_\_\_\_\_ against the funding reserved for the Contractor by the (City/Town/County). In drawing against the reserved amount, the Contractor will follow the instructions supplied by the (City/Town/County).
- b) If the (City/Town/County) determines that the Contractor has failed to satisfactorily carry out the duties and responsibilities under the Contract, the (City/Town/County) may revoke the Contractor's authority to draw against the reserved amount described herein until such time as the (City/Town/County) and the Contractor agree on a plan to remedy the deficiency.
- c) The (City/Town/County) reserves the right to withdraw a commitment for any CDBG-ED funds which remain un-disbursed at the end of the Contract period.

The Contractor shall contact the (City/Town/County) if the Contractor has any questions regarding costs eligible for reimbursement.

3. PERIOD OF CONTRACT: The Contract will be in effect for the period commencing (date) and ending (date) unless otherwise terminated by law or in compliance with the terms of the Contract.

4. LIAISON: The contact person for the (City/Town/County) is (name, title, location) and (name, title, location), for the Contractor.

5. COMPLIANCE WITH WORKERS' COMPENSATION ACT: The Contractor is required to supply the (City/Town/County) with proof of compliance with the Montana Workers' Compensation Act while performing work for the State of Montana. (Mont. Code Ann. §§ 39-71-120, 39-71-401, and 39-71-405.) Neither the Contractor nor its



employees are employees of the State. The proof of insurance/exemption must be valid for the entire Contract period and must be received by the (City/Town/County) within 5 working days of the Contractor's execution of the Contract.

CONTRACTS WILL NOT BE ISSUED TO CONTRACTORS WHO FAIL TO PROVIDE THE REQUIRED DOCUMENTATION WITHIN THE ALLOTTED TIME FRAME.

Coverage may be provided through a private carrier or through the State Compensation Insurance Fund (406) 444-6500. An exemption can be requested through the Department of Labor and Industry, Employment Relations Division (406) 444-0564 or (800) 332-6102. Corporate officers must provide documentation of their exempt status.

6. DEBARMENT: The Contractor certifies that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the Contract by any governmental department or agency. If the Contractor cannot certify this statement, attach a written explanation for review by the (City/Town/County).

7. FAILURE TO HONOR CONTRACT: If the Contractor refuses or fails to deliver in accordance with the Contract terms and conditions, the State Procurement Bureau may, in its discretion, suspend the Contractor for a period of time from entering into any contracts with the State of Montana.

8. ACCESS AND RETENTION OF RECORDS: The Contractor agrees to provide the (City/Town/County), the Montana Department of Commerce, Legislative Auditor, or their authorized agents, access to any records necessary to determine contract compliance (Mont. Code Ann. § 18-1-118). The Contractor agrees to create and retain records supporting the services rendered or supplies delivered for a period of three years after either the completion date of the Contract or the conclusion of any claim, litigation, or exception relating to the Contract taken by the State of Montana or third party.

9. TERMINATION OF CONTRACT: Unless otherwise stated, the (City/Town/County) may, by written notice to the Contractor, terminate the contract in whole or in part at any time the Contractor fails to perform the Contract.

10. UNAVAILABILITY OF FUNDING: The (City/Town/County) may, at its sole discretion, terminate or reduce the scope of the Contract if available funding is eliminated or reduced for any reason.

11. U.S. FUNDS: All prices and payments must be in U.S. dollars.

12. SECURITY: As security for the performance of this Agreement, Contractor will guarantee to the (City/Town/County) that in the event that Contractor does not make jobs available to low and moderate-income persons and cooperate in the documentation of job creation and income verification that the full amount of assistance provided under this agreement will be paid back to the (City/Town/County).

13. **DEFAULT:** Failure on the part of either party to perform the provisions of the Contract constitutes default. Default may result in the pursuit of remedies for breach of contract, including but not limited to damages and specific performance.

14. **CONFORMANCE WITH CONTRACT:** No alteration of the terms, conditions, delivery, price, quality, quantities, or specifications of the Contract shall be granted without prior written consent of the (City/Town/County) and the Montana Department of Commerce. Supplies delivered which do not conform to the Contract terms, conditions, and specifications may be rejected and returned at the Contractor's expense.

15. **VENUE:** The Contract is governed by the laws of Montana. The parties agree that any litigation concerning the Contract must be brought in the (First, Second, etc.) Judicial District in and for the (appropriate County), State of Montana, and each party shall pay its own costs and attorney fees. (Mont. Code Ann. § 18-1-401.)

16. **COMPLIANCE WITH LAWS:** The Contractor must, in performance of work under the Contract, fully comply with all applicable federal, state, or local laws, rules and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by the Contractor subjects subcontractors to the same provision. In accordance with Mont. Code Ann. § 49-3-207, the Contractor agrees that the hiring of persons to perform the Contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by the persons performing the Contract.

17. **DISABILITY ACCOMMODATIONS:** The (City/Town/County) does not discriminate on the basis of disability in admission to, access to, or operations of its programs, services, or activities. Individuals, who need aids, alternative document formats, or services for effective communications or other disability-related accommodations in the programs and services offered, are invited to make their needs and preferences known to this office. Interested parties should provide as much advance notice as possible.

18. **ASSIGNMENT, TRANSFER AND SUBCONTRACTING:** The Contractor shall not assign, transfer or subcontract any portion of the Contract without the express written consent of the (City/Town/County) and the Montana Department of Commerce. (Mont. Code Ann. § 18-4-141.)

19. **MODIFICATION:** The Contract may not be enlarged, modified, amended or altered except upon written agreement signed by all parties to the Contract.

20. **NOTICE:** All notices required under the provisions of the Contract must be in writing and delivered to the parties' liaisons either by regular mail or personal service.

21. **SEPARABILITY:** A declaration by any court, or any other binding legal source, that any provision of the Contract is illegal and void shall not affect the legality and

enforceability of any other provision of the Contract, unless the provisions are mutually dependent.

22. **HOLD HARMLESS AND INDEMNIFICATION:** The Contractor agrees to protect, defend, and save the Montana Department of Commerce, and the (City/Town/County) elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, causes of action of any kind or character, including the cost of defense thereof, arising in favor of the Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omissions of the Contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of the State, under the Contract.

23. **REGISTRATION WITH SECRETARY OF STATE:** Any business intending to transact business in Montana must register with the Secretary of State. Businesses that are incorporated in another state or country, but which are conducting activity in Montana, must determine whether they are transacting business in Montana in accordance with Mont. Code Ann. §§ 35-1-1026 and 35-8-1001. Such businesses may want to obtain the guidance of their attorney or accountant to determine whether their activity is considered transacting business.

If businesses determine that they are transacting business in Montana, they must register with the Secretary of State and obtain a certificate of authority to demonstrate that they are in good standing in Montana. To obtain registration materials, call the Office of the Secretary of State at (406) 444-3665, or visit their website at <http://sos.mt.gov>.

24. **TECHNOLOGY ACCESS FOR BLIND OR VISUALLY IMPAIRED:** Contractor acknowledges that no state funds may be expended for the purchase of information technology equipment and software for use by employees, program participants, or members of the public unless it provides blind or visually impaired individuals with access, including interactive use of the equipment and services, that is equivalent to that provided to individuals who are not blind or visually impaired. (Mont. Code Ann. § 18-5-603.) Contact the State Procurement Bureau at (406) 444-2575 for more information concerning non-visual access standards.

25. **REFERENCE TO CONTRACT:** The Contract number **MUST** appear on all invoices, packing lists, packages and correspondence pertaining to the Contract.



26. INTEGRATION: The Contract contains the entire agreement between the parties, and no statements, promises, or inducements of any kind made by either party, or the agents of either party, not contained herein are valid or binding.

This Contract is made and entered into on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

---

<u>(name, title)</u>	Date
<u>(name of assisted business)</u>	

---

<u>(local official's name, title)</u>	Date
<u>(name of local government)</u>	



## APPENDIX V

### Outline for a Preliminary Engineering Report for Community Development Block Grant - Economic Development Infrastructure Projects

#### I. The Preliminary Engineering Report (PER)

The Preliminary Engineering Report (PER) outline describes the minimum information that should be included in the PER. The PER is submitted as part of an application to the Community Development Block Grant – Economic Development (CDBG-ED) program for an infrastructure project related to an economic development proposal. **The PER must be prepared by a professional engineer licensed to practice in Montana.**

The outline addresses planning requirements for water or wastewater infrastructure projects in support of an economic development project. Reports prepared in this format should meet the Montana Department of Environmental Quality (DEQ) planning requirements under the applicable Circular DEQ-1, DEQ-2 or DEQ-3.

The PER should provide the necessary explanation needed to understand the existing situation, analyze any alternatives, and propose a specific plan based upon the most reasonable solution. Sufficient information must be provided to adequately assess the need for the proposal, feasibility of doing the project, and what the projected costs would be.

The engineer should provide adequate documentation where noted, using technical supporting information (reports, studies, lab analyses, etc. as necessary). Engineers are encouraged to cite supporting technical information and summarize the data if appropriate, rather than attaching lengthy supporting technical information. If the information required by the PER outline is not provided, the application may be rejected or the CDBG-ED program may need to contact the applicant for additional information before the application review can continue.

Environmental resources that may be impacted by the proposed project must be identified and evaluated. This is accomplished by completing the *Full Environmental Checklist for CDBG Economic Development Projects*, analyzing the potential impacts of the project on the identified environmental resources in the PER, and requesting that several State and Federal agencies comment on the selected alternative in order to identify any specific concerns that they may have about the proposed project. This process is explained in more detail in Chapter 2 of the CDBG Grant Administration Manual.

#### II. PER OUTLINE

The following is a suggested outline that provides guidance regarding the type and level of detail under each of the required headings. It should be noted that the outline is by no means all-inclusive. The engineer should use judgment in presenting sufficient information in the preparation of the PER, taking into account that different systems require varying levels of detail. The level of effort required to prepare the report and the depth of analysis within the report should be proportional to the size and complexity of the proposed project.

Section II.B, is for an evaluation of existing facilities associated with the entire system. The intent of this requirement is not to force the unnecessary expenditure of time or money conducting a detailed engineering study and evaluation of system components not being replaced or improved as part of this project. However, in order for the CDBG-ED program to properly evaluate an application and make meaningful funding decisions, it is necessary for it to know the condition of the system, the improvements that have been made in the past, and how the proposal will affect the system. Drawings, schematics, and the level of detail required to convey this information is left to the professional judgment of the engineer preparing the PER.

**The following basic outline represents the minimum information required to produce an acceptable PER:**

**A. Executive Summary**

Provide a summary of why the engineering study was undertaken, a brief description of the basic needs or deficiencies of the system, a brief description of the alternatives considered, a brief description of the preferred alternative, and the estimated total cost to construct the preferred alternative

**B. Project Area Definition**

**1. Identify planning area and existing/potential service area**

Using narrative and drawings, describe the area under consideration. The project planning area may be larger than the service area ultimately determined to be economically feasible. The description should include the following information:

- a. Location – Indicate legal and natural boundaries, latitude and longitude, major obstacles, elevations, etc, using maps, photographs, and sketches of the planning area.
- b. Physical Characteristics of the Area – Describe the physical character of the project area including geology, topography, soil types, groundwater, surface water, vegetation, etc. that may have an impact on the project costs, performance, simplicity, etc. or allow for a more complete understanding of the problem. Provide a copy of the USGS topographic quadrangle map, FEMA floodplain map, wetlands inventory map, and USGS soil identification map in instances where maps have been published.
- c. Environmental Resources Present – Provide information on the location and significance of important land resources, historic sites, endangered species/critical

habitats, etc., using maps, photographs, studies and narrative. Generally discuss any potential environmental impacts that the project may have on the broad geographical area where the project is to be constructed. Attach any other exhibits, maps, or correspondence that may be applicable to help identify environmental resources present.

The information collected through the *Full Environmental Checklist for CDBG Economic Development Projects* is the basis for identifying the environmental resources in the area that may be affected. The checklist must be signed by a professional engineer and included as an attachment to the PER. If there has been a previous environmental assessment completed for the project area, please include a copy of the assessment in addition to the completed checklist.

At a minimum, state whether any of the following issues will or will not be potentially affected:

- Land use/formally classified lands – (farmland, range land, forestland)
- Biological resources
- Water resource Issues – (quality and quantity)
- Surface
- Groundwater
- 100/500 year floodplains
- Wetlands, including stream crossings
- Cultural resources
- Socio-economic/Environmental justice issues – If the proposed project will be located in a minority or low-income community, analyze if the location of the proposed project will have, or will be perceived to have, disproportionately high adverse human health or environmental effects to the community. If the project will have no disproportionate effects, this should be stated. If the project will have, or may be perceived to have disproportionately, high, or adverse human health, or environmental effects to the community, the analysis must include a description of the efforts made to include minority and low-income populations into the National Environmental Policy Act (NEPA) process.

d. Growth Areas and Population Trends – Identify specific areas of concentrated growth. Provide population projections for the project planning area and concentrated growth areas for the project design period. Base population projections on historical records or economic projections, citing recognized sources.

## **2. Evaluate condition of existing facilities**

Describe the condition of the existing facilities. Note: Provide sufficient detail as necessary for the reviewer to understand the condition of all components of the system. The engineer should use judgment in presenting sufficient information in the preparation of the PER, taking into account that different systems require varying levels of detail.



The level of effort required to prepare the report and the depth of analysis within the report should be proportional to the size and complexity of the proposed project.

- a. Layout – Provide a layout for the existing system. The map should provide basic information on the location and size of the components in the system, especially in the case of distribution and collection mains.
- b. History – Provide a brief history of the facilities, including when the system was constructed, major improvements and any past problems.
- c. Analysis of Existing Facilities – Analyze the system to determine its present condition and ability to meet current and future standards. Are the existing central facilities suitable for continued use? Analyze the capacity for future growth. Justify statements regarding the condition of existing facilities by providing documentation as necessary, and citing the source of information.

**C. Describe and document the need for the project and identify any problems to be solved**

The engineer should use judgment in presenting sufficient information in the preparation of the PER, taking into account that different systems require varying levels of detail. The level of effort required to prepare the report and the depth of analysis within the report should be proportional to the size and complexity of the proposed project.

1. Health and Safety – Describe concerns, compliance issues, and relevant regulations. Attach correspondence to/from federal, and state regulatory agencies and documentation such as violation of discharge permits, notice of violations, administrative orders, or boil orders.
2. System Operation and Maintenance (O&M) – Discuss operational, administrative and management capacity.
3. Growth – Describe the system capacity that is necessary to meet needs during the planning period. Discuss any consideration given to designing for phased construction. Provide number of new users to be served by this project.
4. Unresolved Problems – Describe any of the problems identified above that are not to be addressed and the reasons for not addressing them. Discuss phasing if applicable.

**D. General Design Requirements for Improvements**

Describe the general design requirements that will need to be met such as Design Standards for Water Works, regulatory requirements and permits, source(s) of water supply, water protection, water use/demand data, treatment, pumping, transmission/distribution, storage, water meters/conservation, design flows, etc



### **III. ALTERNATIVE SOLUTIONS**

Describe all available alternatives to the proposed project if any, including a no action alternative.

#### **A. Cost Summary for the Preferred Alternative.**

Provide an itemized estimate of the project administration and construction costs based on the anticipated period of construction. Include administrative line items such as personnel, office costs, training, legal services, interim interest, bond services, audit costs and other costs associated with the proposed project. Include construction line items for preliminary engineering, engineering design services, construction management, construction costs, land purchase costs, and contingency.

### **VI. RECOMMENDATIONS AND IMPLEMENTATION**

**A. Funding Strategy.** Describe the proposed funding strategy and resultant user costs.

**B. Implementation.** Describe how the project will be implemented and any special concerns regarding implementation. Provide a project schedule. Include as part of the schedule the time line for obtaining all project funding. Identify any items that have the potential to delay or prevent the project from going forward.

**C. Public Participation.** Describe any public participation, meetings, hearings, or comments received from the public about the PER, environmental concerns, or the proposed project in general. Include minutes of meetings, copies of sign-in sheets, and proof of advertisement.



## APPENDIX W

### PRELIMINARY ARCHITECTURAL REPORT FOR NEW CONSTRUCTION OR REHABILITATION OF EXISTING BUILDINGS

The Preliminary Architectural Report (PAR) is submitted as part of your CDBG-ED application for new construction or rehabilitation of an existing building. The outline presented on the following pages describes the common items necessary to produce the PAR. **The PAR must be prepared by a professional architect licensed to practice in the State of Montana.**

The PAR should adequately describe the existing situation and problem, analyze alternatives and propose a specific course of action. Sufficient information must be provided to adequately assess the need for, feasibility, and cost of the project.

The outline is by no means all-inclusive. The architect should use his or her professional judgment to present sufficient information during preparation of the PAR, taking into account that different projects require varying levels of detail.

The level of effort required to prepare the report and the depth of analysis within the report should be proportional to the size and complexity of the proposed project. The architect should provide appropriate documentation wherever possible to support the analysis and the proposal.

If the PAR does not provide required information, or enough information in order for the Grant Review Committee to make a reasonable decision, the application process may be delayed.

#### **Environmental Considerations**

All state and federally funded projects are subject to either the Montana Environmental Policy Act (MEPA) or National Environmental Policy Act of 1969 (NEPA), or both. MEPA seeks to avoid or mitigate adverse impacts on the natural and human environment by mandating careful consideration of the potential impacts of any development assisted with state funds or approved by a state agency. NEPA establishes national policy, goals, and procedures for protecting, restoring, and enhancing environmental quality.

Both laws seek to avoid adverse impacts on the environment by mandating careful consideration of the potential impacts of any development assisted with federal funds or approved by a state agency. In order to avoid delays, adding significantly to project costs, or even preventing a project from being carried out, all applicants to state or federal infrastructure funding programs must consider potential environmental impacts during the project planning. As a result, local officials will be able to make better decisions by carefully considering the potential environmental consequences of projects and the actions that will be required to mitigate any adverse consequences.

The CDBG-ED program has requirements related to the environmental review process, the selection of the preferred alternative, and adoption of the preliminary architectural report. Applicants should contact CDBG-ED staff to ensure that program requirements will be met.

---

## ***Preliminary Architectural Report Outline***

### ***I. Problem Definition***

***A. Identify the planning area and existing or potential location of the facility.*** *Using narrative and drawings, describe the area(s) under consideration. The description should include the following information:*

1. ***Location*** - Indicate legal and natural boundaries, major obstacles, etc. using maps, photographs, and sketches of the planning area or alternative sites, as applicable.
2. ***Environmental Resources Present*** - Provide information on the location and significance of important land resources (farmland, range land, forestland, wetlands, and 100 year floodplains, including stream crossings), historic sites, endangered species or critical habitats, etc., using maps, photographs, studies and narrative, as applicable.
3. ***Growth Areas and Projected Population Trends*** - Identify specific areas of concentrated growth. Provide population projections for the project planning area and concentrated growth areas for the project design period. Base population projections on historical records, or economic projections, citing recognized sources.

***B. Evaluate the condition of existing facilities.*** Describe the existing facilities including at least the following information:

1. ***Layout of The Existing Facility*** - Provide a floor plan for the existing structure(s). Illustrate current space occupied and proposed space requirements.
2. ***History*** - Provide a brief history of the facilities, including when the system was constructed, major improvements and any past problems.



3. **Condition of Facilities** - Describe present condition, capacity, and if there are existing facilities suitable for continued use.
4. **Evaluate Presence of Lead-based Paint and Asbestos** -  
If the project is related to housing, provide a full evaluation of the presence of lead-based paint and asbestos when existing facilities are being considered.
5. **Financial Status of Facilities** - Provide information regarding annual operation and maintenance (O&M) costs, tabulation of users, and revenue received for the last three fiscal years. Give status of existing debts associated with the facility.

C. ***Describe and document the need for the project and the problems to be solved.*** Describe the need for the project according to the following criteria:

1. **Health and Safety** - Describe concerns, compliance issues, and relevant regulations such as the Uniform Building Code, zoning ordinances, asbestos, lead-based paint, and other federal, state, local, or tribal requirements. Attach pertinent correspondence to/from appropriate federal and state regulatory agencies.
2. **Facility O&M** - Describe O&M concerns with an emphasis on those with the greatest financial and operational impact. Discuss operational, administrative and management capacity.
3. **Growth** - Describe the facility capacity necessary to meet projected needs during the planning period. Discuss any potential for future expansion, if applicable, or any consideration given to designing for phased construction. Provide number of current and projected new users to be served by this project.

## II. ***Alternative Analysis***

- A. ***Description.*** Describe each alternative site, i.e. existing buildings with potential for rehabilitation or alteration, or alternative building sites.
1. **Existing Buildings** - Describe existing buildings within the community that could be modified to accommodate the proposed facility, deficiencies with each, code compliance issues, floor space, handicapped accessibility, potential for expansion, as applicable.
  2. **Building Sites** - If proposing new construction, describe alternative building sites available for new construction, any existing structures

on the site(s), potential for expansion, proximity to other services, etc.

- B. ***Regulatory Compliance and Permits.*** Describe compliance with appropriate regulations such as Uniform Building Code, zoning issues, asbestos, lead-based paint, permits, handicapped accessibility, and other federal state, local or tribal requirements.
- C. ***Land Acquisition.*** Identify sites and easements required, if applicable. Specify whether these properties are currently owned, to be acquired or leased, and whether options have been obtained, contingent upon receipt of funding.
- D. ***Environmental Considerations.*** For the alternative selected for the project, discuss the following:
1. **Affected Environmental Consequences** - Describe and document the environmental resources of the area to be affected (see the *Full Environmental Checklist*). The checklist must be attached as part of this report. If there has been a previous environmental assessment completed for the project area, please include a copy of the assessment in addition to the completed checklist. Identify each environmental resource that will be affected, as applicable.
  2. **Mitigation** - Evaluate appropriate short and long-term measures to mitigate each potentially adverse impact. Describe the mitigation measure(s) necessary to minimize adverse impacts upon identified environmental resources. Projects contemplating the renovation of existing structures should thoroughly discuss mitigation measures to address asbestos and lead-based paint, where identified, in accordance with federal and state requirements.
  3. **Correspondence** - Include any environmentally related correspondence and agency comments as required by the Environmental Checklist, e.g., the State Historic Preservation Office (SHPO).
  4. **Exhibits/Maps** - Include any exhibits, maps, or drawings as applicable to describe potential environmental impacts.
- E. ***Construction Problems.*** Discuss unique concerns such as geological constraints, limited access, underground storage tanks, high water table, asbestos, lead-based paint, contaminated soil, noise, odors, or other conditions that may affect cost of construction or operation of the facility.

F. **Cost Estimates.** Include both:

1. **Project Costs** (i.e., administrative, financial, engineering, architecture, and construction costs.)
2. **Projected Annual Operation and Maintenance (O&M) Costs**

III. **Selection of Preferred Alternative**

- A. ***Basis of the selection of the preferred alternative.*** Provide an analysis of why the preferred alternative was selected over other alternatives.
- B. ***Site location and characteristics.*** Discuss the site location of any current or proposed facilities, and describe the characteristics of the site(s).
- C. ***Preliminary Architectural Plans.*** Provide preliminary architectural plans (including a proposed floor plan) for the proposed facility.
- D. ***Operational requirements.*** Discuss the expertise required to operate the facility and any unique operational requirements of the facility.
- E. ***Impact on existing facilities.***
- F. ***Design.*** Describe design issues for this project, such as the location of the facility, cost effectiveness, technical feasibility, local resources and suppliers, etc.
- G. ***Cost summary.***
  1. **Project Cost Estimate** - Provide an itemized estimate of the project cost based on the anticipated period of construction. Include administrative, development and construction, land and rights, legal, engineering, interest, equipment, contingencies, refinancing, and other costs associated with the proposed project.
  2. **Annual Operating Budget** -
    - a. **Income** - Project income realistically. Base projections on likely revenues, membership dues, subsidies, etc.
    - b. **O&M Costs** - Project costs realistically. In the absence of other reliable data, base projections on actual costs of other existing facilities of similar size and complexity. Include facts to substantiate O&M costs estimates. Include salaries, wages, taxes, accounting, auditing fees, legal fees, interest,

utilities, insurance, fuel, repairs and maintenance, supplies, chemicals, office supplies, printing, medical supplies and/or equipment, and miscellaneous expenses.

c. **Capital Improvements** - Describe annual costs of purchasing or replacing equipment necessary to the function of the facility.

d. **Debt Repayments** - Describe existing and proposed project financing from all sources, and any effect on facility user fees, including any debt coverage requirements.

H. **Public Participation.** Describe any public participation, meetings, hearings, or comments received from the public about the PAR or proposed project.

**IV. Conclusions and Recommendations.**

Provide any additional findings and recommendations that should be considered in the evaluation of this project.





